Congressional Record
United States of America
PROCEEDINGS AND DEBATES OF THE 88th CONGRESS, FIRST SESSION

HOUSE OF REPRESENTATIVES

WEDNESDAY, AUGUST 21, 1963

The House met at 12 o'clock noon.

The Chaplain, Rev. Bernard Braskamp, D.D., offered the following prayer:

Ephesians 4: 3: *Endeavor to keep the unity of the spirit in the bond of peace.*

Almighty God, on each new day may we come nearer unto Thee than ever before and may our human wills be brought into a harmony with Thy divine will which nothing can break.

Grant that as coworkers, charged and challenged by a great mission, we may also be firmly and closely united with one another in achieving for all mankind the blessings of the more abundant life.

Inspire us to strive for that blessed day when all the tyrannies which oppress and the terrors which frighten the soul of humanity shall be forever destroyed and supplanted by the spirit of peace and good will.

Guide us by Thy holy spirit to new ventures of faith and new vistas of outlook and a new sense of social obligation and responsibility as we seek to embody and express a nobler kind of democracy.

In Christ's name we pray. Amen.

THE JOURNAL

The Journal of the proceedings of yesterday was read and approved.

MESSAGE FROM THE PRESIDENT

A message in writing from the President of the United States was communicated to the House by Mr. Jones, one of his secretaries, who also informed the House that on the following dates the President approved and signed bills and a joint resolution of the House of the following titles:

On August 8, 1963:

H.R. 2675. An act to extend for 3 years the period during which certain tanning extracts, and extracts of hemlock or eucalyptus suitable for use for tanning, may be imported free of duty;

H.R. 5712. An act to suspend for a temporary period the import duty on heptanoic acid; and

H.R. 6011. An act to continue for a temporary period the existing suspension of duty on certain istle or Tampico fiber.

On August 12, 1963:

H.R. 1518. An act for the relief of Barbara Theresa Lazarus;

H.R. 5207. An act to amend the Foreign Service Buildings Act, 1926, to authorize additional appropriations, and for other purposes; and

H.J. Res. 324. Joint resolution extending an invitation to the International Olympic Committee to hold the 1968 winter Olympic games in the United States.

On August 20, 1963:

H.R. 2192. An act authorizing the readmittance of Walter Sowa, Jr., to the U.S. Naval Academy; and

H.R. 3872. An act to increase the lending authority of the Export-Import Bank of Washington, to extend the period within which the Export-Import Bank of Washington may exercise its functions, and for other purposes.

MESSAGE FROM THE SENATE

A message from the Senate by Mr. McGown, one of its clerks, announced that the Senate had passed without amendment bills of the House of the following titles:

H.R. 1206. An act for the relief of Kazimierz Krupinski;

H.R. 1232. An act for the relief of Asterio Quitoriano;

H.R. 1237. An act for the relief of Clara G. Maggiora;

H.R. 1276. An act for the relief of Federico Lopez-Blanco;

H.R. 1366. An act for the relief of Vagharshag Hovannes Danielian;

H.R. 1393. An act for the relief of Janet Lundie Farmer;

H.R. 1398. An act for the relief of Margaret Barker;

H.R. 1499. An act for the relief of John (Ivica) Beg Farkas and Ann (Anka) Beg Farkas;

H.R. 1731. An act for the relief of Eva Baker;

H.R. 1876. An act for the relief of Mrs. Rita M. Bravi;

H.R. 2207. An act for the relief of Francesco Di Giacomo;

H.R. 2239. An act for the relief of Annunziata Sabatini;

H.R. 2287. An act for the relief of Shin Sook (Renee) Whang;

H.R. 2309. An act for the relief of Luigi Giuseppe Luraschi;

H.R. 2444. An act for the relief of Mrs. Mabel Constance Kennedy;

H.R. 2450. An act for the relief of Lucia Carta Gallitto;

H.R. 2765. An act for the relief of Mirko Jaksic;

H.R. 3218. An act for the relief of Mrs. Kazuko (Joseph James) Kapp;

H.R. 3629. An act for the relief of Pong Yong Jin (also known as Pang Yong Chin);

H.R. 5094. An act for the relief of Geoffrey Howard Smith;

H.R. 5507. An act for the relief of Michal Goleniewski;

H.R. 5834. An act for the relief of Anthony Joseph Calandi;

H.R. 6567. An act for the relief of Anthony Harry Giazikis; and

H.R. 7824. An act to continue, for the period ending November 30, 1963, the existing temporary increase in the public debt limit set forth in section 21 of the Second Liberty Bond Act.

The message also announced that the Senate had passed bills, a joint resolution, and a concurrent resolution of the following titles, in which the concurrence of the House is requested:

S. 31. An act for the relief of Sonja Dolata;

S. 49. An act to provide for the establishment of the Alaska Centennial Commission, to cooperate with the State of Alaska to study and report on the manner and extent to which the United States shall participate in the celebration in 1967 of the centennial anniversary of the purchase of the Territory of Alaska, and for other purposes;

S. 71. An act for the relief of Mr. and Mrs. Juan C. Jacobe, and their four children, Angela Jacobe, Teresita Jacobe, Leo Jacobe, and Ramon Jacobe;

S. 198. An act for the relief of Mother Azucena de San José (nee Carmen Hernández Aguilar);

S. 202. An act for the relief of Yom Tov Yeshayahu Briszk;

S. 212. An act for the relief of Yoo Sei Chun;

S. 479. An act for the relief of Chung K. Won;

S. 561. An act for the relief of Karolina Rado;

S. 585. An act for the relief of Agaram K. Sreekanth;

S. 669. An act for the relief of Vincenzo DeLucia and Angela DeLucia;

S.789. An act for the relief of Sister Maria Clotilde Costa;

S. 820. An act for the relief of Faustino G. Dumaplin, Jr.;

S. 838. An act for the relief of George Crokos;

S. 1097. An act for the relief of Despina J. Sanios;

S. 1272. An act for the relief of Viktor Jaanimets;

S. 1313. An act for the relief of Tim L. Yen;

S. 1570. An act for the relief of Dulcie Ann Steinhardt Sherlock;

S. 1678. An act for the relief of Margaret Ann Cover;

S. 1828. An act to amend the joint resolution establishing the Battle of Lake Erie Sesquicentennial Celebration Commission so as to authorize an appropriation to carry out the provisions thereof;

S. 1914. An act to incorporate the Catholic War Veterans of the United States of America;

S. 1942. An act to incorporate the Jewish War Veterans of the United States of America;

S.J. Res. 87. Joint resolution providing for the designation of the week commencing September 8, 1963, as National Public Works Week; and

S. Con. Res. 57. Concurrent resolution favoring the suspension of deportation of certain aliens.

AUTHENTICATED
U.S. GOVERNMENT
INFORMATION
GPO

NATIONAL AERONAUTICS AND SPACE ADMINISTRATION, RESEARCH AND DEVELOPMENT, CONSTRUCTION OF FACILITIES, AND ADMINISTRATIVE OPERATIONS

Mr. MILLER of California. Mr. Speaker, I ask unanimous consent to take from the Speaker's table the bill (H.R. 7500), an act to authorize appropriations to the National Aeronautics and Space Administration for research and development, construction of facilities, and administrative operations; and for other purposes, with a Senate amendment thereto, disagree to the Senate amendment, and agree to the conference asked by the Senate.

The SPEAKER. Is there objection to the request of the gentleman from California?

Mr. FULTON of Pennsylvania. Mr. Speaker, reserving the right to object, I want to thank the chairman of the House Science and Astronautics Committee, the gentleman from California [Mr. MILLER], for the opportunity during the past several days for Members on the Republican side to make emphasis on certain points in the legislation. I, therefore, today will not object.

Mr. HALLECK. Mr. Speaker, will the gentleman yield?

Mr. FULTON of Pennsylvania. I am glad to yield to the gentleman.

Mr. HALLECK. I have asked for this opportunity, Mr. Speaker, to inquire of the chairman of the Committee on Foreign Affairs and the majority leader if they can say when in all probability we might expect the final vote on the foreign aid bill, consideration of which will be taken up, of course, in Committee of the Whole today.

Mr. MORGAN. We can answer by saying that we have an hour and 29 minutes left of general debate. From my last count, there are about 16 amendments or more at the Clerk's desk. I think certainly if we make progress on the amendments today, I expect to finish the bill by tomorrow.

Mr. HALLECK. I thank you.

The SPEAKER. Is there objection to the request of the gentleman from California?

There was no objection.

The SPEAKER. The Chair appoints the following conferees: Messrs. MILLER of California, TEAGUE of Texas, KARTH, HECHLER, MARTIN of Massachusetts, and FULTON of Pennsylvania.

ARMED FORCES RESERVE ACT

Mr. HÉBERT. Mr. Speaker, I ask unanimous consent to take from the Speaker's desk the bill (H.R. 6996) to repeal section 262 of the Armed Forces Reserve Act, as amended, and to amend the Universal Military Training and Service Act, as amended, to revise and consolidate for deferment from, and exemption from liability for induction for, training and service for certain Reserve membership and participation, and to provide a special enlistment program, and for other purposes, with Senate amendments thereto, and concur in the Senate amendments.

The Clerk read the title of the bill.

The Clerk read the Senate amendments, as follows:

Page 2, line 12, strike out "be." and insert "be, or satisfactorily performs such other Ready Reserve service as may be prescribed by the Secretary of Defense."

Page 2, line 14, after "of" insert "such".

Page 2, line 15, strike out "an organized unit of such" and insert "the".

Page 5, line 5, after "shall" insert "subject to section 269(e) (4 of this title,".

Page 5, line 15, after "duty" insert "or active duty for training".

The SPEAKER. Is there objection to the request of the gentleman from Louisiana?

There was no objection.

Mr. HÉBERT. Mr. Speaker, I would like to make an explanation of the amendments.

The Senate amendments make no substantial changes to the House-passed bill. The purpose of the Senate amendments is twofold.

First. The amendments will preserve a statutory exemption for those Reserve trainees who through no fault of their own are unable to continue to participate in Reserve training with an organized unit, but who will find it possible to satisfactorily perform such other Reserve service as may be prescribed by the Secretary of Defense.

Second. The amendment will also permit Reserve trainees to reduce their Ready Reserve obligation from 6 to 5 years in those instances where the reservist may have been involuntarily recalled to extended active duty after his period of active duty for training had been completed. This change will permit a reduction in the Ready Reserve obligation for such reservists if they should be recalled to duty in another Berlin or Cuban crisis.

The Senate amendments were concurred in.

A motion to reconsider was laid on the table.

REPORT ON ACTIVITIES UNDER PUBLIC LAW 480—MESSAGE FROM THE PRESIDENT OF THE UNITED STATES (H. DOC. NO. 149)

The SPEAKER laid before the House the following message from the President of the United States; which was read and, together with the accompanying papers, referred to the Committee on Agriculture and ordered to be printed with illustrations:

To the Congress of the United States:

I am transmitting herewith the 18th semiannual report on activities carried on under Public Law 480, 83d Congress, as amended, outlining operations under the act during the period January 1 through June 30, 1963.

JOHN F. KENNEDY.

THE WHITE HOUSE, *August 21, 1963.*

CALL OF THE HOUSE

Mr. DEROUNIAN. Mr. Speaker, I make the point of order that a quorum is not present.

The SPEAKER. The gentleman from New York makes the point of order that a quorum is not present. Evidently a quorum is not present.

Mr. ALBERT. Mr. Speaker, I move a call of the House.

A call of the House was ordered.

The Clerk called the roll, and the following Members failed to answer to their names:

[Roll No. 129]

Abele
Ayres
Barry
Blatnik
Buckley
Celler
Clark
Corman
Davis, Tenn.
Dawson
Diggs
Dorn
Edwards
Elliott
Giaimo
Grant
Gray
Healey
MacGregor
Miller, N.Y.
O'Brien, Ill.
Pillion
Powell
Roberts, Ala.
St. George
Shelley
Sheppard
Short
Smith, Va.
Trimble
White
Younger

The SPEAKER. On this rollcall 397 Members have answered to their names, a quorum.

By unanimous consent, further proceedings under the call were dispensed with.

SUBCOMMITTEE ON EQUIPMENT, SUPPLIES, AND MANPOWER OF THE COMMITTEE ON AGRICULTURE

Mr. GATHINGS. Mr. Speaker, I ask unanimous consent that the Committee on Agriculture, Subcommittee on Equipment, Supplies, and Manpower may sit during general debate this afternoon.

The SPEAKER. Is there objection to the request of the gentleman from Arkansas?

There was no objection.

FOREIGN ASSISTANCE ACT OF 1963

Mr. MORGAN. Mr. Speaker, I move that the House resolve itself into the Committee of the Whole House on the State of the Union for the further consideration of the bill (H.R. 7885) to amend further the Foreign Assistance Act of 1961, as amended, and for other purposes.

The motion was agreed to.

Accordingly, the House resolved itself into the Committee of the Whole House on the State of the Union for the further consideration of the bill H.R. 7885, with Mr. RAINS in the chair.

IN COMMITTEE OF THE WHOLE

The Clerk read the title of the bill.

The CHAIRMAN. When the committee rose on yesterday, the gentleman from Pennsylvania [Mr. MORGAN] had 44 minutes remaining, and the gentlewoman from Ohio [Mrs. FRANCES P. BOLTON] had 45 minutes remaining.

The Chair recognizes the gentleman from Pennsylvania [Mr. MORGAN].

Mr. MORGAN. Mr. Chairman, I yield 10 minutes to the gentleman from New Jersey [Mr. GALLAGHER].

Mr. GALLAGHER. Mr. Chairman, there was much said in the past few days and in the past months preceding this debate about foreign aid. Indeed, much has been said on the subject before. The debate each year has assumed the tendency to take on a certain ritual. Most have predetermined positions on the whole question of foreign aid. Those who support the bill and those who oppose the bill do so from a conviction that their position is in the best interest of our Nation. A significant point in the history of the foreign aid debate, however, is that down through the years even the most able of the opponents of foreign aid have never offered an alternative to accomplish the purpose that the foreign aid program seeks.

Another method of opposition is to hit it with a meat axe until it finally dies or is abandoned. I have heard the case against foreign aid eloquently stated by men of eloquent words who also eloquently describe their hatred of communism. The fact of the matter is that short of a military effort foreign aid is the best offensive weapon we have against communism. It is an exercise of our responsibility as a leader of the free world and an assumption of the obligation that this leadership requires for a mighty have nation with regard to the less fortunate have-nots.

As my colleague, the gentleman from Florida [Mr. FASCELL], has pointed out, this committee entertained over 100 amendments during the marking up of the bill, so that this bill is the product of the thinking of many people. Regrettably some people consider this program as a reward for partisanship, or for the withholding of aid as a penalty for the lack of display of partisanship. However, since this is a mutual security program we must consider that different nations cannot always adapt their positions to ours at every point of the compass.

Mr. Chairman, each year as the Congress begins debate on the foreign aid bill, the amount of information—and misinformation—circulated about the nature of our foreign assistance program reaches a peak. This year the peak seems to be higher than usual. There is one area in particular that is receiving special attention this year—the number and condition of our aid recipients and the amounts of assistance they receive. The charge usually runs something like this: "The United States is draining its own economy to spread dollars to every country in the world—friendly and unfriendly, developed and underdeveloped." I think it is important for the Members of this House to analyze this charge, since I believe close examination will reveal that the charge is untrue in every detail.

Mr. Chairman, there are four points which I would like to bring before the House:

First. The thrust of the foreign aid program is highly concentrated in a relatively small number of key countries.

Second. The burden of foreign assistance to the United States has declined steadily over the past 15 years. It is not a "drain" on the U.S. economy.

Third. Military assistance has been reduced and economic assistance eliminated to the developed countries of the world—many of which, incidentally, are now economically developed as a result of previous U.S. assistance.

Fourth. Our small foreign assistance programs in many of the small, newly independent countries of the world constitute in many ways the best bargain of our foreign assistance program.

Let us look at each of these points a little more carefully.

First. Our aid program is now highly concentrated. In fiscal year 1964, it is estimated that 20 countries will receive 80 percent of total economic assistance and 10 countries will receive 80 percent of total military assistance. If we examine the appropriations categories, assistance is even more concentrated. Six countries will receive 80 percent of Development Loan Funds, six countries of Latin America will receive 80 percent of Alliance for Progress loans, and seven key countries will receive 80 percent of supporting assistance.

This concentration of assistance enables the United States to have a significant impact on the development and security of key and strategic countries throughout the world. Even in these countries where assistance is concentrated, the United States is not attempting to do the whole job of generating economic development or providing security. This job can only be done by the recipient countries themselves. One condition upon which our substantial country programs are based is that the country be willing and able to undertake as much of the job as possible, and to insure that through self-help and reform they do an increasing part of the job. What the aid program is attempting in these countries where assistance is concentrated is to provide the critical difference in external resources between progress toward self-sustaining growth, economic stagnation and between successful establishment of internal and external security, and vulnerability to Communist aggression and subversion.

Second. The foreign aid program is less of a burden to the United States today than 15 years ago. One important trend is the shift from grants to loans. Under the Marshall plan almost 90 percent of aid to Europe was in the form of grants. The fiscal year 1964 economic assistance program proposed by AID calls for 60 percent of assistance to be in the form of dollar repayable loans. Another important trend is the increasing amount of aid dollars that never leave the United States and are spent right here at home. Over 80 percent of the proposed fiscal year 1964 AID program will be spent in the United States.

The Agency for International Development is taking every practical step to insure that the foreign assistance dollars that leave our shores will be reduced to an absolute minimum. At the time of the Marshall plan, direct economic and military assistance accounted for 2 percent of the U.S. gross national product. It now accounts for only six-tenths of 1 percent of our gross national product. Foreign aid accounted for over 11 percent of the Federal budget in 1949—in 1963 it accounted for only 4.1 percent.

Third, military assistance to developed countries has been sharply reduced and economic assistance eliminated. Twenty-three countries of the free world other than the United States are considered to be economically developed nations. Six of these countries have never received U.S. economic or military grant assistance under the foreign assistance act or predecessors. Seventeen more countries are no longer receiving economic assistance under this act. These countries include France, Germany, Italy, the Netherlands, Portugal, and the United Kingdom, among others. In fiscal year 1964, no developed countries are scheduled to receive economic assistance. A successful major effort has also been made to end military assistance to countries which are becoming sufficiently prosperous and developed. In 1953 over 75 percent of the military assistance program went to the advanced countries of Europe and Japan. In fiscal year 1964, it is estimated that only about 25 percent of our aid will go to these countries. Despite this substantial reduction, further programs will be carried out in eight developed countries in fiscal year 1964.

These programs encompass completion of deliveries under previous commitments to six countries, and military training programs in these countries and two others. Successful sales programs in Europe of U.S. military equipment, some generated by incentive cost-sharing arrangements, are now making a substantial contribution toward our balance of payments.

Fourth, the many small programs of assistance which we mount in small and newly independent countries provide substantial returns to the long-term success of U.S. foreign policy. When we talk about the large number of countries receiving foreign assistance, we are really talking about the 45 countries which will receive only 10 percent of our economic assistance and 7 percent of our military assistance during fiscal year 1964. Our limited aid programs in these countries are strongly in our national interest and are effective. In seven of these countries our assistance helps to secure important base rights or access to other strategic facilities. In about 19 countries, U.S. foreign assistance provides an effective counter to Soviet bloc influence. In seven other countries, our assistance is primarily designed as a holding action to provide a minimal U.S. presence and influence pending changes more favorable to free world interests.

In about 21 countries, our program is almost solely technical assistance or limited capital loans. Almost all of these are in Africa. These limited technical assistance programs provide assistance in key problem areas, demonstrate U.S. interest in the progress of these countries, and assert a U.S. presence. Most of these countries are newly independent and are just beginning to grapple with the basic problems of economic and social development. The choices that these countries make now about how they will develop, the decisions they make about whether they will face east or west, will determine in large part the makeup of the world community in 25 or 30 years. If these countries squarely face the problems of development and take sound steps to meet them, there can be progress and peace. If, instead, they turn to the quick solutions offered by the Communists or engage in ultranationalistic adventurism, there will be constant strife and crisis. We have learned in the last 10 years that strife in any part of the world can generate crisis between the free world and the Communist bloc. Our limited assistance programs in these countries attempt to help these nations choose the path of sound growth and development. To cut off these programs now would remove the most effective influence the United States has on the paths that these countries will take.

Mr. Chairman, let me add one final point. There are many examples of failures in our foreign aid program. Many old, some new. Some true, and some false. But there is no doubt that the successes far outweigh the failures. The successes do not make headlines. They do not provide funny stories. But they are quietly helping to build a better and more prosperous world. The dividends on the large investment we have made abroad in our foreign aid program are only slowly beginning to come in. But they will increase steadily as the years go by, as more and more nations become self-supporting and our assistance efforts become even more effective.

Mr. BROOMFIELD. Mr. Chairman, I ask unanimous consent to extend my remarks at this point in the RECORD and include extraneous matter.

The CHAIRMAN. Is there objection to the request of the gentleman from Michigan?

There was no objection.

Mr. BROOMFIELD. Mr. Chairman, in our consideration today of H.R. 7885, the Foreign Assistance Act of 1963, there are a few points which should be kept in mind.

The first is that none of us on the House Foreign Affairs Committee pretends to have all the answers to the many programs and policies encompassed in this bill.

The issues are too global in scope, too interrelated with implications in every corner of the world to be solved by glib phrases or pat answers. We well realize the complexities of the world in which we live, and we are more than a little awed by them.

The second point to remember is that the bill before us today is not a perfect bill. There are flaws in it, and I intend to speak about these flaws later in the debate.

But while this bill is not perfect, it is not a bad bill at all.

To understand what this bill is, I think we should first see what it is not.

It is not a rubberstamp for the administration to do as it pleases with American funds anywhere in the world. There are a number of safeguards, checks and balances written into this bill with which the Agency for International Development and the State Department do not concur.

This bill is not a solution to our worldwide problems. It does not automatically guarantee a firm and effective foreign policy in every part of the world.

It does not guarantee that aid dollars will never again be wasted, or that our balance-of-payments problem will improve. It gives us no assurance that we will walk in a world of friends, that our Nation will be held in the highest esteem, or that another international crisis will not spring on the scene in a moment's notice.

We have not yet come that close to heaven.

What is this bill, then?

It is a framework, a skeleton upon which we can hang a foreign policy and a program—rigid enough to provide the backbone and the strength to make hard decisions in the face of sometimes fanatic opposition abroad yet flexible enough to turn quickly to meet the inevitable emergencies which will occur in the months and years to come.

To a great degree, I think the House Foreign Affairs Committee has been successful in giving this bag of bones a strong, flexible structure, one into which life can be breathed to further the objectives of our Nation abroad.

I will not say that the birth was an easy one. It took hours, weeks, and months of hearings, deliberations, and controversy to give this bill its present shape and form.

I would like to pay my highest compliments to the chairman of the committee, the gentleman from Pennsylvania [Mr. MORGAN] for putting up with us through these deliberations, and the committee staff for sticking with us through some trying moments.

The total dollar amount to be authorized—$2,424,050,000—is only a small part of the story. What can or should be done with our dollars should be our main concern.

I think many of the steps taken in the committee are significant. Some of them are "sleepers," in that they have not made the headlines nor received much attention outside of the committee and the affected Federal agencies.

But in every instance, they have cleared up, cleaned up and made more efficient the authorization under which the respective agencies of our Federal Government responsible for our oversea programs can work more effectively and more efficiently.

In a number of instances, the committee is recommending that decisions be reached by these agencies. In a few instances, the committee is recommending that decisions be forced upon the executive branch.

One of these amendments offered in committee would cut off all further economic and military assistance to Indonesia unless there is a Presidential declaration that such assistance is in the national interest.

Another would ban military grants to any African country except where such aid is needed to maintain internal security and for civic action programs carried out by the military. In essence, this amendment would attempt to keep Africa out of the arms race.

Still another amendment agreed upon in the committee would prohibit U.S. voluntary funds from being used to assist Cuba, either directly or indirectly through international organizations.

Another amendment would require, wherever possible, that our oversea aid not be diverted to short-term emergency purposes in lieu of long-term developmental use. This amendment is an attempt to keep aid funds from being used as a substitute for foreign policy; an unfortunate practice in the past and one which has rightly caused a great deal of criticism of our oversea assistance programs.

In all, the committee considered 83 amendments and adopted 43 of them. Since almost every one of these amendments was aimed at tightening up the program, in making it more efficient and of greater benefit to our Nation, I think you will agree that this is a remarkable record.

Members of the committee, including myself, will go into the details of these amendments and the reasons for the action we have taken as the debate develops.

There are many of us who agree with the fact that there is need for a foreign aid program.

Few will argue with the necessity of a continuance of our military assistance in South Korea, for instance, and the need for keeping South Korea out of the hands of the Red Chinese.

Few would quarrel with the fact that our economic assistance to Western Europe following World War II was a success and was largely responsible for keeping that important part of the world on the side of freedom.

There will be some who may argue that our Alliance for Progress program in Latin America is not doing all it can, that it can be better administered and funds put to better use.

But there are many who realize that the Alliance has kept Latin America out of the hands of Castro-type communism.

So it seems that what we are arguing is not whether we should have an aid program, but how much of an aid program—and what kind.

The time to argue "how much" is when the foreign aid appropriation bill is before us. The time to argue "what kind" is now.

To say that all our aid programs have been models of efficiency would, of course, be false.

It would be equally false to say that all of our aid programs have been total failures.

We have had more good programs than bad programs.

We have all heard of roads leading to nowhere, of air-conditioned yachts for monarchs, of television sets in areas where there was no electricity.

I will not excuse these mistakes in judgment.

In almost every instance these errors were undertaken because somebody wanted to please somebody in some particular country for political purposes.

In other words, somebody was using aid funds as a substitute for diplomacy so that a short-term objective could be accomplished, often with no regard for long-term goals.

I believe in the necessity for foreign aid. I believe in the need for our Nation to help raise living standards in areas we have a chance of holding to our side of the Bamboo or Iron Curtain.

I believe we should do what we can to help people defend themselves from oppression and from becoming nameless, faceless machines under communism.

One of the witnesses before the House Foreign Affairs Committee, Mr. John O. Teeter, vice president of Pfizer International, stated the need very ably. Mr. Teeter, who was speaking on behalf of the U.S. Chamber of Commerce, said:

> The most important reason [for aid] is because an effective U.S. foreign-aid program is essential to our national security and our foreign-policy objectives. Properly conceived and carried out, foreign aid should, can, and does promote the American system; provide a counterforce to international communism; promote responsible local foreign development, and protect our increasingly important oversea markets and sources of supply, as well as our military security.
>
> Foreign aid aims at fostering the national interest in several ways. It is designed to provide military protection at less cost than the United States could undertake alone.
>
> Longer range, in addition to furthering political freedom and democracy abroad, it is intended to help develop strong free world markets in the less developed areas—markets whose strength and growth can expand and strengthen our domestic economy as well.

Certainly Mr. Teeter's words make sense. We realize the need for our goods abroad, because it is easy to see that we can realize full employment only through greater oversea trade.

Training people in other lands to fight for their own countries rather than sending more American boys abroad is in our national interest and a desirable economy.

Raising living standards in Latin America is necessary because we must not permit Communists, either the Russian or Chinese variety, to capture an essential source of the raw materials necessary to keep our businesses and industries going.

We do not stand alone in the world. A look at the raw materials we buy from abroad, the markets we have for our products overseas, gives us an inkling of the extent to which we depend upon a strong free world.

As the Clay report pointed out:

> There should be no doubt—of the great value of properly conceived and administered foreign aid programs to the national interests of the United States and of the contribution of the foreign assistance dollar in such programs to the service of our Nation's security.

The Clay report recommended a number of steps to tighten up our program of overseas assistance. The House Foreign Affairs Committee has acted favorably upon a number of these changes, two of which I sponsored.

The Clay report recommended that arms to Africa be limited. My committee amendment to this effect was adopted.

The Clay report recommended that aid to Indonesia be curtailed until that Nation stops its international adventures and starts solving its internal economic problems. The committee approved an amendment I sponsored to this effect.

The Clay report deplored the practice of using our foreign aid funds for gifts to appease foreign heads of state. The Committee opposes this practice and has included language in the bill to end these excesses.

In each of the instances mentioned, the Committee has written in sound, workable guidelines which give us a better chance of having an improved program; not with more money, but with greater efficiency and a sharper focus on overall goals.

I intend to offer an amendment to this bill which will further strengthen it. In essence, this amendment will give Congress the power to act on authorizations of projects on an individual basis whenever more than $100 million in U.S. funds are involved.

In my estimation, the bill we have before us today—with this amendment which I plan to offer—should accomplish a great deal.

It makes some tough decisions in regard to the way our oversea assistance should be administered.

It provides realistic guidelines to follow in the expenditure of U.S. funds, whether for military assistance or economic assistance, loans or grants, or, in the case of many items, through sales abroad.

It places the burden of initiative upon the country we are attempting to assist.

This bill, by itself, cannot assure a foreign aid program of maximum efficiency. The reason is quite obvious.

The efficiency of the aid program is going to have to depend upon the decisions reached in the State Department, the Defense Department, and the Agency for International Development.

Particular responsibility for a sound aid program is—and should be—borne by the Agency for International Development.

I do think that AID's new Administrator, Mr. David Bell, is moving in the right direction.

Anyone who takes on the task of attempting to administer the foreign aid program lays his head on the chopping block.

But I do think we will see tighter administration, greater efficiency and better liaison with this Agency than we have enjoyed in the past. I admire Mr. Bell's courage in attacking the internal problems of his agency as thoroughly as he has.

All of us wish fervently, I am sure, that the ingredients which make this authorization bill necessary and essential were not present in the world. But they are here, and the Congress would not be doing its duty if it did not face up to them.

The committee has deliberated long and diligently on this bill. It has provided a lean bill, long on muscle and short on fat, to accomplish a variety of difficult tasks in many parts of the world.

I urge my colleagues to act favorably on this bill. It is a strong, to-the-point directive for a more efficient foreign aid program.

Mr. HORTON. Mr. Chairman, I ask unanimous consent to extend my remarks at this point in the RECORD and include extraneous matter.

The CHAIRMAN. Is there objection to the request of the gentleman from New York?

There was no objection.

Mr. HORTON. Mr. Chairman, we are called upon to judge a program that is a fundamental part of this Nation's relationship with other free world countries. The bill now before the House is to authorize foreign assistance appropriations for fiscal year 1964 amounting to more than $4 billion.

I am in favor of the United States providing help to other nations. Our security is reinforced by the strength of our international allies. The health of their economies and strength of their defenses, therefore, are essential to our welfare.

Notwithstanding my support of the principle of foreign assistance, I feel the entire program should be established on a more realistic footing. Waste and inefficiency must be removed and point-by-point justification substituted in their place.

The immediate need is to sharpen our objectives and make our foreign aid reflect the national interest of the United States. There has been too great a tendency to make loans and grants simply on the basis of our esteem for foreign heads of state or as gambles to maintain existing governments in power.

If the United States is to be an example for others seeking to emulate our achievements, then our foreign aid should be administered on that basis. All too plainly, economic assistance from this country has become an engine of socialism, designed to stimulate public rather than private development. State planning and Government-owned projects are hardly the way the United States found its well-being. Why encourage such practices elsewhere?

A case in point is India, the nation which now receives the most aid from America. The emphasis there unquestionably has been on central planning and bureaucratic control. The result: Retarded economic progress. India's answer to poverty, I submit, is an incentive approach which rests in the hands of the people themselves.

Aid officials of our Government presently are proposing to help India build an extremely expensive steel mill at Bokaro. It is a state project that would operate in direct competition with private enterprise. Mr. Chairman, it is inconceivable to me that this Nation, a bastion of free enterprise, should be indulging in such a social experiment.

Would not a far better determination of foreign aid allocation be one that recognized a country's determination to help itself? American support of foreign economies should be predicated on its ability to be diminished in the years ahead. We cannot forever shoulder the burden of assisting underdeveloped nations. Our assistance programs should be designed only to put themselves out of business.

I also am concerned that in the field of foreign assistance we take sufficient precautions against awarding this help to nations which cannot live in peace with other nations we are helping. The prohibition against assistance to any country which engages in or is preparing for aggressive military efforts against the United States or against any country receiving our aid, which has been written into this measure, is sound. I endorse it without reservation.

The committee report states this restriction well:

Any government which devotes its energies and its resources to the harassment of neighboring countries and to a military buildup directed against them reduces the effectiveness of its efforts to develop its resources and to improve the condition of its people.

I believe this represents a favorable departure from the once prevalent attitude that foreign aid was necessary as a counterproductive bludgeon. The argument that various foreign nations would have gone Communist without our assistance is at best a negative justification. As many editorial writers have stated: Money as the sole criterion of national policy and interest is pretty cynical.

One editorial writer, in particular, has impressed me with his presentation on the need for reform and rethinking of U.S. foreign aid programs. I refer to Andrew D. Wolfe, editor and publisher of the four Genesee Valley newspapers which serve a large area of my congressional district. In March of this year, following the publication of the Clay Committee report on foreign aid, Mr. Wolfe addressed himself to the report in an editorial which appeared in the following newspapers: The Brighton-Pittsford Post, the East Rochester Herald, the Penfield Republican, and the Henrietta Post. I take pleasure in sharing that editorial with my colleagues:

END OF AN ERA?

For the generation that grew up in the 1930's and fought World War II, an article of faith has been the conviction that America's "go it alone" diplomacy from 1918 to 1940 led to disaster.

This generation has felt that isolationism, economic as well as diplomatic, was criminally stupid in a world grown progressively smaller.

We have regarded as major sins the failure to join the League of Nations, the high tariff protectionism, and the refusal to effectively back disarmament programs. People thought of these amid the trials of Normandy and the Ardennes, in the Middle East and in the Pacific islands.

All of us rode the pendulum swing which took America into the United Nations, fostered the Marshall plan, and gave birth to the other foreign aid programs.

From time to time most of us have had misgivings about details of some of the programs, but we have clung stubbornly to the theory that no nation, any more than any man, in John Denne's phrase, "is an island unto itself." We have recognized that stupidities were bound to creep into the huge aid program, but we have believed that even with its mistakes the program was infinitely better than no program at all.

Here in Monroe County, the Rochester Association for the United Nations and scores of other organizations have worked unceasingly for international good will. They have not hesitated to go to the mat when foreign aid programs were being attacked.

Last weekend, the Nation and many of us of the between wars generation came to the crossing of a height of land—or perhaps the end of an era.

A committee headed by Gen. Lucius D. Clay recommended a major slash in foreign aid funds. More important than the cut in funds, however, was the fact that the recommendation came not from diehard isolationists, but from such internationally minded men as General Clay and former Defense Secretary Robert A. Lovett. That such men feel a policy pullback desirable is significant.

Although the report recommends the continuance of foreign aid in major amounts, the philosophy behind the aid is changing—and is, in fact, a reflection of the changes being worked out in the Nation's basic foreign policy.

The success of the Common Market, De Gaulle, the changes in Russia, the Russian-Chinese friction, the rise of the newly independent nonwhite nations, and many other things tell us that 1945 no longer is with us.

Thus we must not think of the foreign aid change primarily as so many hundreds of millions of dollars cut out of the budget. Rather it must be seen in terms of fluid and sometimes chaotic world politics.

A generation ago the Owen D. Young reparations plan and the Smoot-Hawley tariff were among the events which catapulted the world into the economic paroxysms of the 1930's and ultimately helped set the stage for war. These bits of history are food for thought.

Obviously it is high time for a review of the foreign aid program, and obviously the march of world events now forces America to rethink its foreign policy.

But let us hope that our leaders are fully alert to the explosive effects that can result from far-reaching changes in the aid program. The program is so large that for the rest of the world it's been like sleeping in the same bed with a giant; a change of position can seem ever so slight, yet have disastrous effects on the bedmates.

Mr. Chairman, one notes the reference in the above editorial to the Rochester, N.Y., Association for the United Nations. I share Mr. Wolfe's high regard for this organization and its many accomplishments. I am personally acquainted with many of its members and can attest to their dedication.

The policy committee of this association has conducted a searching study of U.S. foreign aid in recent months. Further, they have thoughtfully kept me abreast of their findings. I believe a report issued by this committee in May of this year dealing with the question of how best to channel foreign assistance funds from this country is worthy of consideration by every Member of the House. The report follows:

REPORT OF POLICY COMMITTEE, ROCHESTER ASSOCIATION FOR THE UNITED NATIONS, RELATING TO FOREIGN AID

The policy committee of the Rochester Association for the United Nations is appreciative of the many diverse opinions which were expressed at the recent hearing on the subject of foreign aid and specifically on the question: "Should U.S. foreign aid through the United Nations be increased?" During the last 2 months of exploration of this subject the committee has become increasingly aware of its complexities. The following findings and conclusions are presented to stimulate thought and discussion.

TYPES OF AID

In considering any question relating to U.S. foreign aid policy, it is essential to carefully distinguish aid which is of a military or short-term nature and aid which is long term and for the purpose of basic development of the recipient nations. In other words, there is a sharp distinction between strategic aid and developmental aid. We recommend that these two basic types of aid, in the interest of a more informed public opinion, be more clearly segregated in the proposals made to Congress and in the enactments of Congress. Strategic aid comprises approximately one-half of the U.S. aid program, and the conclusions of this committee do not relate in any way to this type of aid which, for obvious reasons, could not be successfully administered by an international organization.

Recommendation: In the interest of an informed public opinion, long-term developmental aid should be clearly separated from short-term strategic and military aid in all appropriations.

THE ROLE OF INTERNATIONAL AID ADMINISTRATION

The problem of the underdeveloped nation is basically a world problem which is shared by all advanced nations and is most logically solved by international cooperative efforts. This concept has been fully recognized from time to time in the proposals to Congress, in the wording of the acts of Congress, and in the writing of many scholars who have examined this subject. The departure from this ideal is caused by practical considerations of a political or administrative nature. The extent of the departure is indicated by the fact that, while giving lip service to the ideal of international administration, the expenditure of only a tiny fraction of U.S. aid funds is made through this channel. The President's request for aid in the 1963–64 fiscal year calls for less than 5 percent of the total U.S. foreign aid to be expended through international organizations.

It is well to keep in mind the basic advantages of international administration. These advantages include a wider sharing of the burden of developmental aid, a larger available pool of technical assistance talent, the possibility of improved clearance and fixing of priorities in the administration of aid and an increased separation of aid from nationalistic political considerations. The bilateral administration of aid, as we already are learning from some of the U.S. experience in South America, often offends national sensitivities and may create bad will when conditions are attached to the granting of aid or when aid has to be terminated even though the conditions or the reasons for termination are reasonable. It is generally believed that conditions are more acceptable when imposed by an international organization.

We should continually strive toward the development of international organizations which can fulfill this logical role. Substantial progress in this direction has been made by the creation of the United Nations Special Fund, the International Development Association and the International Bank for Reconstruction and Development.

For these reasons the policy committee of the Rochester Association for the United Nations concludes that the proportion of U.S. aid for developmental purposes expended through the United Nations and affiliated international organizations should be gradually increased from the present low level to a substantially higher proportion of the total U.S. aid program. The committee does not have research facilities available to permit a recommendation in terms of exact amounts.

Recommendation: The proportion of U.S. foreign aid expended through international organizations should be gradually increased.

THE ROLE OF PRIVATE ENTERPRISE

Those who participated in the policy committee hearing strongly urged a larger role for free private enterprise as a basic part of the foreign aid program. The policy committee agrees with this position but wishes to emphasize that any guarantees or other assistance to private enterprise should be reflected in higher profits, higher wages, and lower consumer costs for the benefit of the citizens of the underdeveloped nations, and should give them an equitable share in the management of the enterprise. Aid funds should not be used as a means of fostering international competition for new markets.

We recommend the encouragement of international subsidies for private enterprise within the underdeveloped countries and especially the expansion of the International Bank for Reconstruction and Development (IBRD). We believe that this form of administration is least likely to create dangers of exploitation. We note with approval that the Clay report to Congress urges an increased use of the International Development Association (IDA), an affiliate of the International Bank for Reconstruction and Development.

Recommendation: Private enterprise can play an important part in the foreign aid program, but there must be safeguards against exploitation.

TECHNICAL ASSISTANCE

Technical assistance is increasingly recognized as a very important part of the foreign aid program. It is essential in preparing a country for the wise expenditure of aid funds. This is sometimes referred to as "predevelopment" aid. It is also a very important part of any program to foster long-range development and independence for aid-receiving nations. The United Nations and its related agencies, embracing a worldwide variety of experience and background, offer a rich source of technical assistance. We should like to add a thought to the Clay committee recommendations on technical assistance. The Clay committee indicates its doubts as to the ability of the Agency for International Development (the U.S. Agency for Aid Administration) to mobilize highly qualified manpower necessary to implement the current technical assistance programs and urges a review of the facts. We suggest that, if the review confirms the fears of the Clay committee, there may well be international agencies which can meet the needs. We urge that a study be made of the technical assistance capacity of existing international organizations, such as the U.N. special fund and the expanded program for technical assistance, and that these international resources be more fully utilized in the area of technical assistance.

Recommendation: The technical assistance resources of the United Nations should be more fully utilized.

Respectfully submitted.

Policy Committee, Rochester Association for the United Nations: John W. Branch, Chairman; Mrs. David M. Allyn, Mrs. Morton Baum, Jr., C. Wendell Beck, Dr. William Bluhm, Mrs. Caroline Branch, Mrs. Albert Craig, Jr., Edward P. Curtis, Jr., Horace A. Dutton, John A. Emery, Dr. Alf M. Glasoe, David S. Greenlaw, John W. Handy, Mark C. Hargrave, Jr., Dr. Otakar Kutvirt, Mrs. Irwin Karron, Stephen May, Miss Mary Sheehan, Frank Steinhilper, Mrs. Clarence Wynd, Leonard Zartman, Dr. Carl Zuehlke.

Mr. Chairman, there are many recommendations for improved administration of our foreign assistance programs. Certainly, among them there can be found conflicting points of view and differences of opinion. However, I feel rather than to dwell on what separates the various proposals we should recognize the existence of widespread and allied interest in bringing about improvements. Obviously, there is more that unites these suggestions for higher quality in foreign aid than divides them.

For the future of the world and the stake America has in it, let us resolve that foreign assistance provided by this Nation bear living testimony to the strength and vitality of our free society. Let us transfuse into the developing nations some of the lifeblood of free enterprise.

Mr. MORGAN. Mr. Chairman, I yield such time as he may desire to the gentleman from Ohio [Mr. ASHLEY].

Mr. ASHLEY. Mr. Chairman, I rise in support of the bill before us for the following reasons:

Mr. Chairman, there is one aspect of the debate on foreign aid this year which I find to be of unusual interest. This year the decision as to whether we continue, cut back, or halt foreign aid will be reached at the very time that the Senate is engaged in debate on ratification of the first test ban treaty ever to be signed between nations of the international community.

I find it interesting, Mr. Chairman, that those who attack the test ban treaty on the basis that it lacks adequate safeguards to protect our national security are the very people who are willing to scrap foreign aid without giving a moment's consideration to possible alternatives which most certainly would be needed in the short- and long-range interests of national security.

At best this is inconsistent, at worst it is as phony as a $3 bill.

It is not hard to distinguish inconsistency from phoniness. Surely everyone agrees that the economic aid and military assistance that this country has made available throughout the world has been an important, an indispensible weapon in the cold war against communism. To deny this is to deny the very basis of European recovery following World War II, a recovery which has been fundamental to the defense of the West. No one can dispute the dramatic economic and political consequences of our aid programs elsewhere: In Greece, Turkey, Iran, Thailand, Japan, and scores of other countries which have received U.S. aid. This has not been a dole, Mr. Chairman, it has been an investment and no country has ever made a better one. This farsighted program has been responsible for the salvation of free nations, a better life for hundreds of millions of people, and a global defense posture which has effectively checked Communist armed aggression.

We get to the question, then, of whether the expenditure of taxpayers' dollars can be justified for a continuation of this type of assistance. Those who say that it cannot be justified must do so either on the basis that a need no longer remains or, if it does, that it has been so reduced that the amount of the foreign aid authorization can be substantially cut back.

Do the facts bear out any such picture of the world today? It has been noted before that those who berate this program are the first to march up the aisle in favor of $50 billion a year defense appropriations—a small admission that dangers continue to confront us. These critics give many righteous reasons for gutting foreign aid but no one has yet heard them offer a single alternative. Perhaps some day they will see that the strength and security of a free world require positive action rather than pious protestations.

We have heard a great deal said about the cost of foreign aid, Mr. Chairman, but seldom with any regard for logic or perspective. Certainly the program costs money. Yes, it is expensive—a hundred billion dollars since World War II. But does anyone mean to say that the tangible benefits have not been worth the price, and does anyone mean to say that what we want for South America and other developing areas of the world will not be worth the investment we are talking about today?

Mr. Chairman, I am sick of speakers who get up and with righteous indignation denounce foreign aid as fiscal irresponsibility because it authorizes foreign assistance funds at a time when our national budget is in the red. Do they want to take the position that it was immoral for our country to go more than $200 billion into debt to win World War II?

Was lend-lease immoral because we did not have cash on the barrelhead?

If there is any question of morality to be raised, Mr. Chairman, it is in connection with the attitude of those who think that it is a sin to vote funds to assist other countries or who take the position that if this must be done, it should only be after a rigid political blood test and insistence upon conditions which certainly have no precedent in our own history.

Mr. Chairman, surely we must recognize by this time that the political and economic aspects of our national security are as important as the military. It does not make any sense to jeopardize a $50 billion expenditure for defense by refusing a $4 billion authorization to support military and economic activity abroad. Those who vote against this program, Mr. Chairman, will do so without offering a positive alternative; by so doing they are saying that our national security must rest wholly on our military capability and whatever efforts other free nations are able to make for themselves. This is a collision course with catastrophe pursued by those who have neither hindsight nor foresight.

In my view, Mr. Chairman, wisdom, logic, commonsense, and morality are all on the side of enactment of the bill before us.

Mr. MORGAN. Mr. Chairman, I yield such time as he may desire to the gentleman from Pennsylvania [Mr. TOLL].

Mr. TOLL. Mr. Chairman, I would like to join the distinguished gentleman from Pennsylvania, the Honorable THOMAS E. MORGAN, the chairman of the House Foreign Affairs Committee, in supporting the committee bill authorizing $4.1 billion in new funds. This bill is already $800 million below the $4.9 billion originally proposed by President Kennedy and $400 million below the President's modified $4.5 billion request. Furthermore, it is $200 million below the $4.3 billion recommended by the Clay Committee.

These funds will provide for an effective program to preserve and extend freedom in other nations and for a reasonable contribution toward winning the cold war. This legislation is in the national interest and strengthens the security of our country.

The bill has a special impact on domestic employment because 80 percent of the commodity procurement funds under the foreign aid program are spent in the United States.

The bill contains a provision offered by our distinguished colleague, Representative LEONARD FARBSTEIN, of New York, which would ban assistance to any country which engages in or is preparing for aggressive military efforts against the United States or against any country receiving our aid. Any government which devotes its resources to the harassment of neighboring countries reduces the effectiveness of its efforts to help its own people. Nations which are subjected to military threats may come to believe that the United States is willing to tolerate if not endorse such action. This provision may be effective in maintaining peace in the Middle East.

I urge the Members to support this bill.

Mr. MORGAN. Mr. Chairman, I yield 10 minutes to the gentlewoman from New York [Mrs. KELLY].

Mrs. KELLY. Mr. Chairman, last night we had an example of what a monsoon season can be. For that reason I think we all ought to be very thankful that we do not live in a country where we have that. Therefore, I think it is very pertinent at this moment that we are considering a bill whereby some of those countries will be helped through our aid to them.

Mr. Chairman, I want to compliment our chairman, the distinguished gentleman from Pennsylvania [Mr. MORGAN] for the work he has done on this bill and to thank him for his kindness to us during the hearings. Also, I want to compliment the gentleman on his appearance on the radio this morning together with our colleague, the gentleman from New Jersey [Mr. FRELINGHUYSEN] in an endeavor to explain this program and in the effort to have us continue and maintain the authorization for the program as requested.

Mr. Chairman, I have always believed in the foreign assistance act. I have always supported foreign aid and I will continue to do so. But I have also been very selective with reference to where that aid should go. I have voted for foreign aid for $10 billion, for $9 billion, for $7 billion and so on. I want at this point to agree with the previous speaker that I, too, have been selective as to our foreign aid program and I, too, do not believe that our aid should go to any nation behind the Iron Curtain. I have fought for amendments along that line in committee and I have also voted against aid going to Indonesia and certain other countries as well which I believe are able to carry on economically and, perhaps, also able to give mutual assistance to other nations as well.

But, Mr. Chairman, I want to correct the remark of the previous speaker to say that European countries alone in 1961 gave $2.4 billion in foreign aid to underdeveloped areas. I just want to bring out the fact that under Public Law 480 which has nothing to do with this foreign assistance act, most of the accrued local currencies are accrued in nations abroad. So if one wants to cut out much of the outflow of gold and the accrual of local currencies, let them stand up and vote against Public Law 480. But I always note that those who come from areas supporting Public Law 480 legislation are opposed to foreign aid. So it is not understandable that those who have so much of the bounty and abundance of their land should refuse to share it with other nations of the world.

Maybe I support foreign aid, Mr. Chairman, because I am selfish and I believe it is a part, a great part of our national security. It is now, and should be and must be a pattern of U.S. policy.

I believe that our great Nation, endowed as it is and has been, and will continue to be, dedicated to the inherent rights of a person, must share the responsibility to expand and extend these principles to the less fortunate, and must share the bounty of our Republic with the less fortunate.

I will continue, Mr. Chairman, to support foreign aid but I will also continue in my right, as the minority has fought for it on so many occasions, to be selective. Maybe I remember, Mr. Chairman, the first vote I ever cast as a Member of this body. I remember, Mr. Chairman, on January 19, 1950, on the passage of aid to Korea, H.R. 5330, which was defeated by one vote, that shortly after that the aggression occurred in Korea. I saw and I am thankful to have partaken of the revival of Europe to the present day when they are economically and militarily strong. I am encouraged by this and believe that these countries must share in the mutual responsibility of carrying on assistance to underdeveloped areas. I saw, too, Mr. Chairman, the boys come home from Korea and as a result, the military buildup of new and advanced weapons of Red China by the Soviet in that area of the world. I saw, too, the buildup of North Korea by the Soviet and I saw the division of Vietnam.

At the same time I remember well the other side of the globe when the U.S.S.R. bypassed Europe because of its buildup and went into the Middle East where it secured a foothold. At the same time I remember Hungary and I remember we sat by on that occasion and did nothing. Now I remember Cuba. All of these make me believe in foreign assistance, and I much prefer to call it mutual cooperation because I feel the United States can no longer go it alone, but I feel that these nations of the free world must play their part, and secure a greater share in mutual security of the free world.

Mr. Chairman, today peoples in all parts of the world anxiously await the outcome of our annual foreign aid debate. They wonder what we will do. Will the Congress of the United States recognize their continuing problems and help to furnish them with their needs or will the representatives of the people of the most prosperous and powerful nation in the world ignore their role of free world leadership and forget the urgent needs of their less fortunate fellow men.

Will the peasant in Chile finally be able to own his own land as a result of land reform?

Will the soldier in Turkey, guarding his country's border against Russia, be issued a new rifle to replace his single shot weapon which dates back to 1915?

Indian soldiers guarding high mountain passes against Communist Chinese incursions wonder whether they will receive proper clothing to protect them against the bitter cold of the approaching winter.

Will farmers in many countries be assisted in irrigating their crops?

These are but a few examples of how the average man in so many nations of the world will be affected by what we do.

All admit the need and success of the Truman doctrine and the Marshall plan in halting Communist aggression. Over the years the foreign aid program has been reasonably successful in the huge task it undertakes to perform.

Today, however, the program is something more. The foreign assistance program is a recognition of the moral responsibility of the strong and fortunate to help protect the less fortunate. This is based on the Christian-Judeo concept which is part of our national heritage. The development and expansion of international communism compelled us to extend the bounty of our Republic to those in need, until today—we find this legislation again before us for action.

Due to Communist expansionist activities in Europe following World War II, the granting of military and economic assistance became a pattern for U.S. security. The European nations recovered and today spend 2.5 to 3 billion on their foreign aid programs.

This legislation, the Foreign Assistance Act of 1963, is composed of a series of amendments to the basic law. These include many perfecting amendments and some technical amendments. They were adopted after long hearings and most careful consideration by the Committee on Foreign Affairs. Many amendments considered by the committee were rejected by narrow margins. Many of these will be introduced during the reading of the legislation, and I hope, after careful consideration, the final action will be the just action for our country.

Basically, this legislation will continue the support which Congress has provided for many years to carry out foreign policy objectives. Most of us agree with these objectives, but many of us disagree with the operation. However, I feel, Mr. Chairman, that all the amendments have strengthened the foreign assistance program, have placed additional safeguards on the operation, and generally constitute steps in the right direction by placing aid on a more selective basis. This, I think, is a very important point. I have repeatedly criticized our aid program for being too diffuse, and too indiscriminate. We corrected some of those abuses last year when the Congress placed new restrictions in the law on aid to certain countries. Some of the amendments adopted this year by the Committee on Foreign Affairs continue this process and deserve the full support of the House.

Mr. Chairman, these are days of challenge. These are days of crises—between allies—between parties. These are days when we must decide certain basic policies. Should the United States continue to help all nations and peoples regardless of the principles they pursue? Should the United States assist only those who are alined to the West? Should the United States cut the aid to those nations which do not carry their mutual share of the free world responsibilities? Should the United States insist that those peoples who seek independence share the responsibility for this independence? Should not the United States insist that there is a correlative responsibility with freedom?

The Committee on Foreign Affairs reviewed all these issues and questions in the light of present day needs and critical situations. For that reason, I believe this legislation is more constructive in dealing with the crises of the day—crises which must be met daily; crises instigated and augmented by the leaders of the Kremlin; crises brought to our very shores by the saber rattling of Khrushchev in Cuba. Khrushchev's olive branch offering of recent date must be accepted with reservations. The United States must keep up its guard. This bill represents U.S. efforts to maintain this guard—not only for the United States but for the free world. Khrushchev's plan to establish his military base in Cuba was defeated by the courageous decision of President Kennedy to risk a major war in this nuclear age. The result was a temporary Russian-Soviet retreat. What next—only Khrushchev can answer.

PIPELINE

For the past several years, we have heard much talk about the foreign aid pipeline. During yesterday's debate, much was said about this subject. What is the pipeline, what are the reasons for it, and how much money is in it?

The easiest definition of pipeline is funds that have been previously appropriated but have not as yet been spent. Those who seek to undermine the foreign aid program always utilize this figure. It is estimated that on June 30, 1963, this amount was $6.43 billion. This figure, however, does not take into consideration funds which have been committed and obligated to specific projects and uses and are being held in reserve for disbursement as the projects progress. If these commitments are taken into consideration, only $160 million, including the fiscal 1963 appropriation, remains available for commitment to new programs and projects.

The foreign aid program, as almost all other program activities of Government obligates funds but expends funds only upon delivery or completion of work. Thus, if the United States obligates itself to furnish a loan for highway construction, it does not disburse the funds in a lump sum. As each portion of the highway is completed and accepted, it is paid for. If a project requires 5 years to complete, as many do, all of the moneys reserved for this project will not be disbursed until the end of 5 years.

The pipeline concept is not unique to the foreign aid program. I never hear mention made of it when other programs are involved and am beginning to suspect that it has been set up as a proverbial strawman which will fall from the slightest blow. On June 30, 1963, it is estimated that all U.S. Government agencies had unexpended balances or a pipeline of $76.6 billion. The foreign aid program represented some 10 percent of the total, which the Department of Defense accounted for $39.6 billion, or more than 50 percent, and the Department of Agriculture $4.4 billion or some 5.7 percent of the total.

In recent years, there has been an increase in the pipeline. This has been caused by several factors:

First. Loans—60 percent of economic program for fiscal 1964—rather than grants of economic aid are being utilized to a greater extent. Since loans require more negotiation than grants, a longer period of time elapses before the first expenditures are made.

Second. The Alliance for Progress, which was instituted 2 years ago, required extensive planning and the undertaking of self-help measures by Latin American countries before funds were disbursed.

Third. Modern military equipment requirements need longer leadtimes than in the past. More than 70 percent of military pipeline is in long leadtime items such as aircraft—18 to 24 months—ships—3 to 4 years—and complicated electronic equipment.

Thus, there is only $160 million left unobligated. This is all that is available for commitment to new projects and programs for fiscal 1964. It should be made clear that there are practically no military aid funds presently available to order equipment which will require a long time to produce to be available next year and the year after. If we deplete the pipeline, the entire program will come to a standstill in a very short time.

The major outflow of gold from the United States is critical—but do not blame it on foreign aid. While the program does spend dollars abroad, it constitutes but a very small factor in the overall problem.

In 1962 U.S. tourists spent some $2.5 billion abroad.

In 1963, private raising of new capital in the United States by foreign business firms and governments will probably reach $2.5 billion.

These are the major problems—not foreign aid. In fiscal 1964, 80 percent of all economic assistance funds and almost 100 percent of the military assistance funds will be spent in the United States. In addition, we must consider that the U.S. sales of military equipment to our allies in fiscal 1962, for example, amounted to about $1 billion. As one who has long been aware of this problem, I sponsored, and with your committee, enacted an amendment which has, through mutual defense procurement, brought more than $1 billion in business to U.S. firms. More than 40 percent of this money was spent in areas of substantial labor surplus in procurement for the F–104G fighter aircraft.

It is indeed strange that, among those who most vigorously oppose foreign aid are Members who support and vote for continued operations under Public Law 480—Agricultural Trade and Development Act of 1954, as amended.

Let us take a moment to compare Public Law 480 and the foreign aid program. Under title I of Public Law 480, sales of agricultural commodities are made by the United States for foreign currency. Does the U.S. Treasury receive these foreign currencies? No. They remain in the purchasing nation and to the greatest extent can only be used in a manner acceptable to the foreign government. This usually takes the form of a loan to that government, repayable in foreign currency. In less than 10 years, agreements for more than $9 billion have been made under title I. These are moneys, most of which will never be seen again, and are sometimes referred to as "funny money" by the U.S. Government personnel, because they are next to meaningless and repayment can and has been waived by the executive in several instances. Does anyone raise a great protest about this program? Are detailed battle plans formulated before this legislation reaches the floor? No—hardly a voice is raised in protest because agriculture, the "sacred cow," is involved.

I have attempted to explain to you why I ask you to support this legislation. I believe the bill has some shortcomings and it contains some provisions I do not like. There is no question that the Foreign Assistance Act is bulky and in many ways difficult to understand. I hope that next year this legislation will be rewritten and put in simpler form—but I do feel that the overall effect is positive and I ask your support for this legislation.

Mr. MAILLIARD. Mr. Chairman, I yield 5 minutes to the gentleman from Wisconsin [Mr. THOMSON].

Mr. THOMSON of Wisconsin. Mr. Chairman, in the last 2 days we have listened to some brilliant outbursts of oratory in praise of this particular program. I hope that the brilliance of those statements has not dimmed the vision of this body to the point where it cannot look closely at those areas of this program and its administration which are in need of critical attention.

Yesterday I received a Multilith letter which I presume all Members of the House received from the Secretary of State and the Secretary of Defense. Among the things that they urged us to keep our fingers off of, not to touch, were the areas of military assistance, supporting assistance and the President's contingency fund.

I would like to direct your attention briefly to the President's contingency fund. There is no criticism of the benefits that flow from this program. There is no criticism of the good that it does and can do. But I think in the administration of this program the critics are correct when they tell us that this program needs to be tightened up, that we need better administration, that we need more thought and planning in the use of this money. And, in that area I think the contingency fund is one that this body can well cut some of the fat out, in considering this bill.

The bill, as it comes from the committee, carries for the President's contingency fund an amount of $200 million. They tell us, "Oh, we have cut down $100 million already from this fund; do not touch it." But hand in hand with the contingency fund goes supporting assistance in the amount of $380 million that is subject to the will and the discretion of the President himself and no one else. So, in fact, we are talking about a sum of $580 million. If you add the section on "Development Grants and Technical Cooperation" you add $217 million, for a total of $797 million that is practically all available at the discretion of the President.

Now, take a look briefly at that contingency fund. In the committee I offered an amendment to reduce the contingency fund to $150 million which I think is adequate under all the facts and the circumstances. At the appropriate time later today I expect to reoffer the amendment to reduce the contingency fund to $150 million.

Mr. Chairman, to take a look at the last 3 years of the contingency fund or beginning in 1960, the contingency fund used $123.5 million; in 1961, they used $272.6 million; in 1962, they used $293.4 million; and in fiscal year 1963, they used $160 million. But of the $160 million they used last year, $17 million of it was given to Indonesia. This Congress had reduced the amount of money available for Indonesia, the President had signed the bill, but his signature was hardly dry on that legislation before he turned around and made available to Indonesia $17 million, in complete disregard to the wishes of Congress and solely under the authority of his discretion.

But, Mr. Chairman, when you look at the history of the use of the money in that fiscal year, you see that as the fiscal year draws closer to its conclusion the emergencies throughout the world increased in direct proportion to the time remaining in which to spend the money before the fiscal year ended.

The CHAIRMAN. The time of the gentleman from Wisconsin has expired.

Mrs. FRANCES P. BOLTON. Mr. Chairman, I yield 5 minutes to the distinguished gentleman from Illinois [Mr. ARENDS].

Mr. ARENDS. Mr. Chairman, as we begin to take up the various amendments proposed to be offered to this bill, I wish here and now to state the position I intend to take.

What I have to say is in effect my response to the letter we received from the Secretary of State and the Secretary of Defense. They complain that the bill as reported by the Committee on Foreign Affairs is insufficient in the allowable dollars to be spent and too restrictive as to where and how they can be spent.

My answer to them is that unless amendments are adopted to make the bill even more limited and even more restrictive I shall vote against the measure. And this will be the first time in the long series of so-called foreign aid bills, beginning with the Marshall plan effectuated by the 80th Congress, that I will have voted in the negative. Heretofore I have sought to have restrictive provisions written into measures and reductions made in the funds; but, failing that, I have voted for the bill nonetheless.

The time has long since arrived when there should be both a retrenchment and a revision of this foreign aid program. The change in the official title of the program from "mutual security" to "foreign assistance" is quite appropriate. The program has become less and less a "security" program and more and more a "gratuity" program.

There is a limitation as to what the United States should do in providing foreign assistance. And there is a limitation to what the United States can do. The time has long since arrived when we give recognition to these limitations.

Our national budget is dangerously out of balance. Six times in 3 years we have been called upon to enact statutory debt limit legislation. And we will shortly have before us a request for another increase in the debt ceiling.

And our international balance of payments is also dangerously out of balance. For the second quarter of this year the gold outflow is over $1 billion—the highest it has even been.

I am not advocating that our foreign aid program be summarily terminated. As a matter of fact, even if this authorization bill is not enacted, there is available an accumulation of unexpended balances from prior years of between $6 and $7 billion.

Nor do I say that the military and economic aid we have extended has been entirely wasted. Had I not recognized its value in our own self-interest—to restrain the spread of communism and to further our security—I would not have supported the program to the degree I have.

It was, as I said, the Republican 80th Congress, in which I was privileged to serve as majority whip, that inaugurated the Marshall plan and authorized the Greek-Turkish loan. This was a program for the rehabilitation of war-devastated Europe. At that time we never envisaged anything like the size and kind of foreign assistance program we have today. The Marshall plan had a realistic objective. Allies once prostrate are now prosperous. Yet we are continuing to give financial assistance to some regardless of their economic strength. We are not only giving assistance to prosperous allies, we are even giving aid to Communist-controlled countries and to so-called neutrals.

We need to make a determination as to our objective. We need to set up a realistic criteria in the determination of what countries and for what purpose they should be extended aid. There needs to be more of a quid pro quo in the aid arrangements.

With respect to these so-called neutrals, I am obliged to ask: Neutral for whom? Have we learned nothing from the Belgrade Conference. Have we learned nothing from the Punta del Este Conference in Uruguay? Have we not yet learned that we cannot buy prestige? We must earn it. And only by firmness in any and all respects can it be earned.

There is nothing partisan about the position I am taking on this pending bill. The program has long had bipartisan support.

One must ask just how nonpartisan can a program be when President Kennedy went out of his way to insure the political defeat of the leading Republican advocate of the program—Dr. Walter Judd? And when President Truman condemned the Republican 80th Congress that put the Marshall plan into effect as a "do-nothing" Congress?

I repeat what I said at the outset: I intend to support amendments that will bring this program under control and make it more realistic. If we are unsuccessful in this effort during the reading of the bill I shall then, for the first time, in something like 15 years, vote against the entire bill.

Mr. MORGAN. Mr. Chairman, I yield 7 minutes to the distinguished majority leader.

Mr. ALBERT. Mr. Chairman, first of all I want to pay a word of tribute to the distinguished Republican whip for the great record he has made in the area of foreign policy ever since he helped write and put on the statute books the Greek-Turk loan and the Marshall plan back in 1947 and 1948. I sincerely hope that the record he has made over the years will not be marred this week because he may or may not agree with every item in this bill.

Mr. Chairman, I rise in support of this bill as it has been reported by the committee. I feel the committee consideration of this bill has been as ample, as thorough, as extensive as any committee has ever given to this subject since its inception. I commend the committee for the long weeks of hard work that it put into this matter. I commend the amendments it has written into the legislation. The committee has done a fine piece of work in a difficult and complex legislative field.

Although the test ban treaty is now making the headlines in foreign affairs, I believe the bill we are debating here today is of no less significance to the future security of the free world.

This bill, as I understand it, seeks to widen the roadbed to freedom over which all the peoples of the world may travel, although their commitment to freedom is in many cases yet uncertain.

It is a certainty, however, that there will be no letup in the battle against Communist control of the underdeveloped areas of the world. It seems to me this is the point my distinguished friend from Illinois may have missed. This job of keeping the newly emerging nations on the side of freedom is as important as the job of giving military assistance to those friends of the free world who happen to live on the edge of the Iron Curtain.

General Clay stated accurately, I think, both the prescription and the prognosis of foreign aid when he said:

> I do not think foreign aid has of itself won us any friends. I think it has created already, though, a number of strong, independent nations who want to preserve their freedom and who are willing to fight for it, not because of friendship for us but because they

have their own pride and strength restored to them.

There is broad area of agreement, and I am sure the gentleman from Illinois is among those who hold this opinion, that our national policy must seek to extend the borders and shores of the free world. Can this goal be reached by a route other than the foreign assistance route? Is there a workable alternative to be had at less than our present cost of 1 percent of our gross national product per year? Does not the fact that the Soviet Union is spending at the rate of $1 million per day in Communist Cuba challenge us to continue spending just about twice that much in the whole of South America?

The foreign aid authorization bill has been cut and cut drastically. It was cut in the White House. It has been cut by the committee $200 million more than recommended by General Clay when he appeared before the committee. It is my understanding that there will be a move to vote additional cuts and additional restrictions. I hope that the House will reject these efforts.

The Congress provided substantial safeguards in the use of funds in the original Foreign Assistance Act of 1961, amended last year, and again this year in committee.

The President must have the ability to react quickly in matters involving national security. Further attempts to limit the President's discretion would deprive him of the ability to exercise the full authority of his office in the conduct of our foreign policy and, in crisis, to act promptly in the best interests of the Nation.

The philosophy and approach of both great political parties in this country under both President Truman and President Eisenhower recognized that only the President can act in the area of foreign affairs. This is a realistic and proper approach. It is, of course, the constitutional approach. Surely we will give no less discretionary authority to President Kennedy than we have given to other Presidents since the inception of the Marshall plan. Surely in this phase of the cold war, when this country must be alert to every possible opportunity to strengthen the relative position of our own country, this Congress, dedicated as it is to the preservation of freedom, would not willingly tie the hands of the President of the United States.

Mr. Chairman, we have been engaged by the enemy, whether we like it or not. He has engaged us with arms, with his own foreign-aid programs, and with his conflicting ideology. If we do not help the underdeveloped nations to create prosperous societies which they are willing and able to defend they may well fall into caretaker status of the Soviets. We are winning this struggle, but unless our efforts are sustained we cannot be sure of the outcome.

The issue is not partisan. It is American. It is vital. It is an exercise in long-range constructive national policy and leadership.

Mr. Chairman, I urge the adoption of the bill, as reported by the committee.

The CHAIRMAN. The time of the gentleman has expired.

Mrs. FRANCES P. BOLTON. Mr. Chairman, I yield 5 minutes to the distinguished gentleman from Missouri [Mr. HALL].

Mr. HALL. Mr. Chairman, it was my pleasure to appear before the Committee on Foreign Affairs to discuss H.R. 5666 on June 5, 1963, now encompassed in the amendment I will offer later dealing with a limitation on our contribution to all U.N. assistance agencies. I want the members of the committee to know of my appreciation for their consideration and tolerant understanding for one who is not a member of the committee, and certainly makes no pretense of sharing their background in the field of foreign affairs. Yesterday, just prior to close of debate on H.R. 7885, I inserted the amendment, and some background data for all to see, page 14653.

I also compliment the committee for taking a first step toward insuring that U.S. contributions to U.N. assistance agencies are not used to strengthen the Castro regime in Cuba.

I have some doubts whether this will accomplish the objective, or will merely result in American dollars going in one pocket and coming out the other bearing a different currency. But at least, through this amendment, the committee has demonstrated its concern to our own U.N. delegation over American dollars being used to strengthen Communist bloc governments.

However, Mr. Chairman, the basic problem remains, and it involves both money and principle. In a previous letter I have tried to document the background leading to the amendment which I first offered as H.R. 5666 on April 11, 1963. Many will recall the research early this year leading to 15 consecutive reports to this House, and in the RECORD.

While United Nations aid to Communist-bloc countries is, in part, responsible for the submission of my amendment, I want to stress that there is a principle involved here which would be just as true if there were no U.N. aid going to Communist-bloc nations. The principle of paying one's fair share is just as true in international organizations as it is in the operation of a local chamber of commerce; that is, which must rely on voluntary rather than compulsory subscriptions. In my hometown of Springfield, Mo., we have a progressive chamber of commerce with just under a thousand members, more members, it is true, than belong to the United Nations, though if they carve up a few more countries in Africa they will soon catch up.

In my hometown chamber of commerce—and I suspect in yours also—each member pays according to his ability as determined by many things—his gross income, number of employees, and other factors. Large members pay more than smaller members, but no one is exempt and each is expected to bear his fair share of the load of working for the betterment of the community.

It is the same in the United Nations, which is also a voluntary organization, to which members may or may not join. Each member is assessed a fair share of the cost, and none, however poor they allege to be, are exempt from paying their assessed dues.

Back in the 82d Congress, a law was passed establishing a statutory limit upon our contribution. It was determined that the United States would not pay more than 33⅓ percent of the assessed budget of the United Nations. It was our rightful expectation, that even this figure would be reduced, as all of our aid programs began to take their effect and other nations began to stand on their own two feet. Even though the 33⅓-percent figure is still in effect, we are in fact paying only 32.02 percent of the assessed U.N. budget. One might draw from this, the conclusion that, however slowly, other nations are beginning to pay their fair share. But, other factors have taken place which belies this assumption. Since the 82d Congress, a number of so-called voluntary U.N. budgets have been established—and the State Department has determined that it is not bound by the previous 33⅓-percent limitation in its subscription to those budgets. Today, in fact we pay more than this 33⅓-percent limitation, to 10 of the 28 U.N. budgets. In some cases, as I have pointed out, we pay as much as 100 percent, and have been doing so since 1959, without encouraging participation by others.

The only limitation applied to any of these voluntary budgets is a 40-percent limitation adopted in 1961 by the Congress in respect to the U.N. Special Fund and the U.N. expanded technical assistance program.

Now, what was our purpose in picking up an excess share of the price for these U.N. assistance programs, or perhaps I should say, what was the purpose of those who man the "ivory towers" at the Department of State?

When I first involved myself in this problem, I invited representatives from the State Department to visit my office for a discussion of the issue. They explained that it was necessary for us to contribute more than our fair share in order to show other countries, how worthwhile they were and to motivate their participation.

Overlooked somehow, was the possibility that so long as we were willing to pay more than our fair share, other countries would be satisfied with paying less than theirs.

Also bear in mind that this country does not share directly in any benefits from any of these programs except as we contribute from something hazily described as a "better world." For us in a sense, it might better be compared to a "United Fund drive" than a chamber of commerce. We put in and others take out.

The so-called voluntary programs for which we give a State Department a free hand in determining our contribution are now as great or greater than the assessed U.N. regular budget. We still control through the Congress, the dog, but the tail has outgrown it, and is in fact, wagging it.

Have we motivated increased participation by other U.N. members? Is this truly an international program? Has our participation in even a so-called multilateral program eased the demands on our own foreign aid program? Let us look at the record:

Since 1959, we have been paying—and are still paying—40 percent of both the U.N. Special Fund and the expanded technical assistance program. We have paid 100 percent of the two WHO projects—community water development and research—since 1959 without encouraging any participation, let alone increased participation. Our share of the U.N. Palestine relief program has, in fact, increased from 67.48 percent in 1949 to its present alltime high of 70 percent. Apparently we are almost three times as concerned about this problem as the rest of the world combined. They were squabbling again with the United Arab Republic as late as yesterday. I wish we could be as concerned about another problem only 90 miles off our shore.

Now you may well ask, what will all the other countries of the world say when we suddenly announce to the world that we no longer intend to pay more than one-third of the budget for these U.N. programs? Will they throw up their hands in terror? Will they insist that we go on being not one, but two Santa Clauses—ours and the U.N.'s?

I must regretfully confess, the Kremlin has a better insight than does our own State Department. The Soviet Union contributes no more to the Special Fund now than she did in 1959. Her pledge each year, then and now, is a nice round figure—$1 million. That incidentally, is less than is paid by the tiny country of Switzerland. She puts out propaganda about her economic growth and overtaking the United States but her contribution to this international aid program is less than 1 percent of its cost compared to our 40 percent. Yet she shares in the credit.

The U.S. contribution to the Special Fund alone has grown from $10 million in 1959 to $29 million in 1963, an increase of 300 percent while the Soviet Union—and many other countries as well—have not budged an inch, or a ruble—which incidentally they also require.

Furthermore, Red bloc currencies are mostly in nonconvertible currencies, so do not be misled by figures that purport to show that they contribute more than they receive. Yugoslavia, for instance, receives almost 10 times as much as she contributes. And yesterday's paper shows Tito and Khrushchev embracing as though they were Siamese twins.

Total U.N. aid to or programed for the Red bloc in 1963–64 totals 93 projects, 16 for Cuba, 30 for Poland, 32 for Yugoslavia, 3 for Albania and 23 interregional projects with Red nations involved. I have documented each of these in the CONGRESSIONAL RECORD—See page 1514, hearings.

Mr. Chairman, this aid, these so-called voluntary programs, are being channeled out of our aid funds. We are really debating on this floor, not one, but two aid programs to which we contribute all in the case of ours, and almost all in the case of the U.N.'s.

We examine carefully the dirty linen in our own aid closets, the jet airports in Afghanistan, the University in Ethiopia, and so forth. We barely have access to the dirty linen in the U.N. aid program. The press does not bother with them. Yet I have here hundreds of pages listing these U.N. assistance programs in detail and I suggest that the inefficiency and waste in many of them is at least no less, and probably far more than our own. They are privileged sanctuary's as far as our own GAO and Comptroller General are concerned. Worse, they admit to no auditing proven of their own.

Mr. Chairman, the point is sure to be made, but is not the Children's Fund one of these voluntary agencies and how can you be against children? I submit that when one pays a third of the total budget of any international organization, it is grossly unfair to say that one opposes, or does not believe in, being kind to children. If we have to pay more than that, then we may as well assume the responsibility of the whole program.

Mr. Chairman, this is not an argument involving whether we should get the "U.N. out of the U.S." or vice versa. I leave that to others to debate and consider.

In fact I believe that adoption of my amendment will strengthen the U.N. It will serve to make it fiscally responsible. It may even serve to diminish some of the outcries against the organization itself. It will give our own State Department a stronger bargaining position, by substituting law for the option of a bureaucrat who is subject to pressure. As stated on this floor the day I submitted H.R. 5666, I believe in and want to enhance the basic principle of the U.N.

But if we do not adopt this type of amendment, it will surely increase the pressures within this country against the U.N. itself. I have not mentioned our own budget deficit. How can we continue to pay more than our fair share of U.N. foreign aid, when we cannot raise enough money to pay for our own domestic programs?

Based on our 1962 expenditures, for this purpose, I estimate the savings to be in excess of $38 million, and possibly as high as $50 million. If other countries fill the partial vacuum, our expenditures will not be reduced at all, but at least we will have established the principle of paying our fair share, and not a penny more. I urge the adoption of this amendment.

Mrs. FRANCES P. BOLTON. Mr. Chairman, I yield 10 minutes to the distinguished gentleman from New Hampshire [Mr. WYMAN].

Mr. WYMAN. Mr. Chairman, 15 years ago it was my privilege to serve as the first counsel to the first joint congressional committee established by this House and the Senate to watch over our first foreign aid programs. In the course of this work I traveled in Europe and the Mideast submitting reports to the Congress consistently critical of the levels of our foreign spending. The situation has not changed to this day.

In the beginning—in the days of what might be described as the reconstruction of a war-ravaged Europe after World War II—there was a genuine need for a reasonably sound foreign aid program to get disaster-stricken countries back on their economic feet and to help them establish a viable economy. As the years went by, however, as is the way with all Government programs, the foreign aid appropriations came to be an annual built-in fixture with a hard core of Government employee protagonists and a coterie of financially interested private industrial supporters. Like a cyst, this group has grown harder and harder and the programs wilder and wilder until an aroused public opinion a few years back toned the situation down a little but not enough.

Today, 15 years later, we find ourselves on the short end of the fiscal stick. A hundred billion dollars has been spent when twenty would have done the job and done it better in terms of the tidal waves of competing products that now inundate the American market from cheap labor sources abroad.

European creditors hold $26 billion of demands on our dollars, supposedly backed by only $16 billion worth of gold at Fort Knox. The European Common Market, vitalized and literally created in large measure by our foreign aid assistance, now combines against us in world competitive markets when it is in its interest to do so.

Mr. Chairman, it has been well said that the dollar is not patriotic. In the same vein, it should perhaps be observed in retrospect that Americans are generous to the point of profligacy and naive to the point of recklessness. There are 100 nations of the world to be aided in this bill. At the very beginning of the debate on this bill I asked the chairman of the House Foreign Affairs Committee whether there was anything in the bill that required a nation as a condition of receiving a gift to have an imbalanced budget. There was not. There is not. Under this bill it is possible to take money from the American people by taxes, adding to the national debt and further aggravating an already unbalanced budget, and give the money away to a foreign nation that has no debt and has a balanced budget. This is ridiculous. It is wrong. It is another illustration of fiscal irresponsibility. And it is no answer to say that the President or those in the executive branch in charge of this program would not give this money to a country that does not need it for this has been done again and again and again. The question seems to be what constitutes need and there are always so many ways of devising so many needs if the right person is persuaded by the right pressures that a need should be found. We have a real need, an acute need, for these dollars right here in the United States.

For a long time I have been convinced that this country should end foreign aid on a grant basis. This conviction has ripened to a certainty in direct proportion to our mounting national debt. We have no valid reason to give deficit dollars charged to the next generation to foreign countries in the guise of foreign aid. It is morally wrong and fiscally irresponsible to do in foreign affairs what is prohibited by our Constitution in domestic affairs. We cannot raise money by taxes and give it to private institutions. We should not be able to collect money by taxes and give it to foreign governments. This is something that Congress should have imposed as a requirement upon an unwilling Executive many long years and many tens of billions of dollars ago. We need a profound change in foreign policy. No more money giveaway programs from a country facing bankruptcy.

At the proper time I shall offer an amendment to eliminate from this bill all gifts and grants of purely economic assistance without military significance. I shall do this with full confidence that I am keeping faith with the American people who are fed to the teeth with paying with borrowed dollars for largely useless foreign gifts. And this is not to say that we dislike our foreign friends or that in any sense we are less friendly toward them nor less inclined to look out for their best interests. It is just that the hour has come that we need to conserve our resources here at home. We need to tighten our outflow and to bring into balance the expenditures of Government with its revenues. Let us face it. Let us have the courage to say, "No more of this foolishness." Instead of yielding to the pressures of the foreign lobbyists, the AID propaganda and the international do-gooders, let us do something for Americans first for a change.

In this day of vastly expensive Government programs such as the moonshot, a nation in debt over $308 billion and spending at a rate of a billion a month more than it receives in Government revenues must call a halt to giveaway programs.

To the extent that this legislation authorizes loans upon reasonable collateral and over a reasonable term of years and with a reasonable rate of interest, I do not object. Likewise, with military assistance that in the opinion of the military and the Department of Defense is essential and not procurable elsewhere during this fiscal year. Even here, however, to the extent that such military assistance is by grant—which means gift—I believe it important that our friends should realize that those that can afford it and that want such military protection should be required to pay for it rather than have it given to them. There is no reason why they should not pay for it. If hard currencies are not available, the payment may be by barter or other forms of exchange.

Mr. Chairman, this House has no reasonable alternative to this course of action. Program after program costing hundreds of millions of dollars is proposed to the Congress without any funding whatsoever. Many of these programs are being authorized by the House at levels considered by the House to be prudent only to have the Senate increase them by more hundreds of millions. This leaves the spadework to the Appropriations Committees and unfortunately even within these committees there is an indisposition among the majority to protect the economy and to achieve balance in the budget necessary to preserve the fiscal strength of America. Lacking the will in the executive branch and facing strong pressures that too often put political considerations above the public interest, there is only one course today for this House to take in the matter of the foreign aid program on behalf of the American people. This is to reduce it substantially and this I am confident the House will vote to do. It is not as though there was nothing left. It is not as though there was a radical cutoff. There are billions of dollars in the pipeline authorized, appropriated, but unspent.

For the sake of ourselves, our children, our savings, our insurance and for similar vital concerns of every American man, woman, and child, I plead with the House to stand firm for America, cut out this foolishness and act decisively to weed out the waste and the giveaway in these foreign programs.

Mr. Chairman, it is in the people's interest that this bill should be amended to eliminate authority for any more giveaway foreign aid.

Mr. FOREMAN. Mr. Chairman, will the gentleman yield?

Mr. WYMAN. I yield to the gentleman.

Mr. FOREMAN. Mr. Chairman, I commend the gentleman from New Hampshire [Mr. Wyman], for his very fine presentation. His remarks and his reasoning regarding the foreign aid program are sound and responsible indeed. I support his position and am pleased to associate myself with his remarks, and also those appropriate and excellent remarks made earlier by the gentleman from Montana [Mr. Battin].

I thank the gentleman.

Mr. DON H. CLAUSEN. Mr. Chairman, will the gentleman yield?

Mr. WYMAN. I yield to the gentleman.

Mr. DON H. CLAUSEN. Mr. Chairman, I, too, would like to associate myself with the remarks of the gentleman from New Hampshire.

Mr. Chairman, the subject of assistance to foreign countries has indeed become a subject of great controversy. Some criticism is warranted and some is not. This, of course, is to be expected during a debate such as is now being conducted and I believe a better understanding of the problem will be the end result. Thank God we have the privilege of exchanging views under this great system of ours.

After listening to many of the remarks, I have concluded that there is a very definite trend taking place today—a trend that reflects a basic change of direction—in our philosophy relating to foreign aid—a trend toward greater emphasis in the private sector and a lesser emphasis in the public sector, in funding recommended programs. I believe the credit for this trend must be shared three ways. First, a disturbed electorate has advised the Members of their dissatisfaction with the general philosophy and administration of past programs. Second, the Foreign Affairs Committee has worked diligently in a very difficult area to adopt amendments directing more recognition to the private sector. Third, a majority of the Members of this House have introduced and are adopting amendments carrying out this trend.

Some people have been criticized for accepting this attitude—some even suggest that people who vote for these amendments are against helping the people of foreign lands to a better way of life. Nothing could be further from the truth. I believe the trend that is taking place this session will set the stage for future foreign assistance programs. In the field of foreign affairs, I believe we must remember one thing—a government-to-government program will always have limitations if you believe in a private enterprise system. A people-to-people program with greater emphasis in the private sector has no limitations. For those who ask for a constructive alternative, I suggest they recognize this basic trend. Herein lies the foreign aid program of the future.

Mr. MORGAN. Mr. Chairman, I yield such time as he may consume to the gentleman from New York [Mr. Farbstein].

Mr. FARBSTEIN. Mr. Chairman, first, I want to compliment the chairman of the Committee on Foreign Affairs, the gentleman from Pennsylvania [Mr. Morgan], on his wonderful job in guiding this foreign aid bill to what I hope will be a successful conclusion. But, Mr. Chairman, so long as there is a cold war, just so long will it be necessary to extend foreign aid. Even after the end of the cold war it still will be necessary to aid those still impoverished and underdeveloped countries throughout the world.

Mr. Chairman, indulging in generalities is very simple, but that is no answer. So, Mr. Chairman, I want to state here that I unequivocally favor this foreign aid bill.

Mr. Chairman, aid given by the United States is not going to effect an immediate and dramatic change in the world situation. The problems are too big and the resources available too small. Nonetheless our efforts must be continued, for, over time, they will have an enormous effect upon the world's economic structure. It has often been said that a man fights better when he is hungry than when he is satisfied. A starving man will always be fair game for any militaristic activity. Only when people are adequately fed, housed, and clothed will lasting peace be assured. Lasting peace is a goal that has been pursued throughout the ages. Our aid program is one of the means used in this pursuit.

To date, I believe that we can be pleased with the results of our efforts. In the past 15 years only one country has been seized by the delusion that is communism. Only Cuba has chosen to embrace the fallacious Marxist ideology. No other country has chosen the Communist road.

I will not say that our foreign aid program is solely responsible for this occurrence. But it has played a major role. A reduction in our aid allotments would not spell catastrophe, nor would doubling the expenditures cause an immediate millenium. The problem is not susceptible to quick solutions and facile schemes. Rather it must be met in many ways. Our aid programs make provision for many of the necessary components, such as grants, loans, incentives to private investment, and food shipments. These programs must be continued. This country which has been blessed with vast natural resources, with a geographic position that has spared it the devastation of many wars, and with a diverse and highly skilled population has a moral obligation to help those who have been less fortunate. Moreover, this aid is certainly required by the national interest of this country.

We cannot stand alone against the Communist menace. Only if the nations of the world are strong and independent can we be assured of survival. The aid program is not in itself a solution, but it is a vital component of any long range effort to ameliorate the present situation. Morally, aid is right; politically, it is sound; strategically, it is mandatory.

I will not make dire predictions of what will happen if we discontinue our aid programs, nor will I suggest that these programs are a panacea for our international problems. They are neither—but they are a significant implementation of our foreign policy.

Foreign policy is what results from a careful weighing of facts, goals, and assumptions relating to the international scene. Foreign aid, like military preparations and diplomacy, is one of the tools by which foreign policy is implemented. It is in no way isolated from the objectives of a country's foreign policy. Rather it is a means of achieving these objectives.

There is no precise figure that can be given as that of good foreign aid program. Relative to other countries we can consider ourselves generous. Yet we have given more primarily because we have more to give. Though our current aid program involves billions of dollars, we are currently giving, as a percentage of gross national product, far less than France.

Now we must face the question: "What is the long-range goal of the U.S. foreign policy?" As generally stated, our international efforts are directed toward creating the conditions under which the people of the world's nations will be free to govern themselves and to seek to improve their living standard. This is a goal. It does not contain a statement of the steps to be taken to further its achievement. These steps must be outlined in a well-defined policy. Now foreign aid is not usually deplored as a means of achieving this goal. However, aid is combated on the grounds that expenditures in other areas are more important for our national interest. Thus the need for a balanced budget and a not unfavorable balance of payments is often considered as preempting the need for a foreign aid program.

Since these are the two arguments most often used to oppose foreign aid, I shall consider them separately.

It cannot be denied that by terminating all our aid programs, we would alleviate our current budget deficit. However, it seems apparent that the international repercussions of such a move would be far greater than its salutary effects on the domestic economy.

With respect to military aid, I would like to point out that it is probably the least costly means available to us of assuring our national security. What other means are at our disposition? We could give no military assistance and, instead, use only our own troops and material to defend the nations we are now aiding. This would obviously be far more costly than our present programs. Another possibility is that of relying on the United Nations to defend the free world countries. This also would prove more costly because the United States has always provided the lion's share of U.N. funds. Thus it seems certain that our present programs, which concentrate 80 percent of our military aid in 10 countries, are, on a cost-performance basis, the optimum solution for our defense problems.

Concerning our development aid, I can only say that it has proved reasonably successful in maintaining stability in certain countries by raising their standard of living and thereby reducing the unrest that is bred by poverty. If by this aid, we have changed conditions which otherwise would have called for military intervention by the United States, then it is highly likely that we have actually saved money by the aid program. It is certain that we have saved prestige.

Regarding the balance-of-payments deficit, I can only remind you that 80 percent of U.S. aid is tied to purchases in the United States. Thus of every billion dollars given in aid, only $200 million is used for purchasing goods outside the United States. The other $800 million is used to buy U.S. products. Thus the deficit caused by foreign aid payments is far smaller than is generally known and is not responsible for a large percentage of the total deficit.

Moreover, it can be argued that the budget deficit increase caused by our aid expenditures actually has a salutary effect on the economy in that it provides for the utilization of plant, men, and equipment that would otherwise lie idle. Thus, since our aid program is so extensively tied to purchases in the United States, it serves as a stimulant to the economy and results in a definite alleviation of our unemployment problems.

Another aspect of the U.S. aid program is the encouragement of investments by individuals. Only a combination of government and the individual will be able to surmount the enormous economic difficulties of many countries. The role played by private investors will increase as countries succeed in completing the economic infrastructure needed by any business venture. Once these countries have an adequate network of roads, electricity, and available sources of water, private investors will begin to build plants to provide for the ever increasing demand for goods. The employment they provide will raise incomes, thereby making possible the purchase of these new commodities.

Our economic aid program plays an important role in providing for the long-term security of the United States. The short-term aspects of our security problems are under the purview of the military assistance programs. However, the United States constitutes an increasingly smaller percentage of the world's people. Thus military might will not suffice. Only if the peoples of the world achieve a reasonable living standard coupled with individual freedom will stability ever be achieved. The U.S. aid program plays a large role in the quest for this stability.

This quest is rarely an easy one. Too often the potential gains in a country's standard of living are overshadowed by the rising expectations of its people and by a population that expands faster than the economy. Yet the difficulty of the task does not mean that it should not be undertaken. The problems will only increase in the future. Thus, it is imperative that our efforts be continued.

In conclusion, I want to make one point clear. I am in no way advocating that the United States blithely offer its largess to all the countries of the world, or that it support any project that is suggested. The Clay report made clear the dangers of our attempting to do too much for too many. In distributing our aid we must be extremely careful to support only those projects that will benefit the affected communities as a whole. Moreover, we must ascertain that the recipient country will be able to fulfill its share of the task. Too many times have we built superhighways for countries that have few cars, or provided electric equipment to countries that have inadequate electricity. Any project we support should be thoroughly investigated concerning its feasibility and necessity before an aid commitment is made. I sincerely believe that the bill now considered assures that these investigations will be made.

Mr. MORGAN. Mr. Chairman, I yield such time as he may consume to the gentleman from Florida [Mr. BENNETT].

Mr. BENNETT of Florida. Mr. Chairman, some years ago when the Armed Services Committee placed a 3-year limitation on authorizations, killing them automatically when they had not been used for that time, many cries of alarm went up. But practice has shown this to be not only a money saving device but a method of concentrating primary efforts on places of primary need. No one would want to return to the old system. I hope we can apply this principle to foreign aid. There are many other places where the legislation before us should be tightened up.

Although I have much more often than not, voted for foreign aid, I am seriously considering voting against this bill as a protest against the extravagance of this legislation when measured against today's circumstances.

Two facts of life in 1963 require the foreign aid program to be tightly limited. The first is the alarming outflow of gold from America, the balance-of-payments deficit. Even France's President de Gaulle has suggested curtailment of American aid as the logical way to meet this crisis. The stability of the American dollar is of international concern, not just a domestic problem here.

The other fact is that most economists and practically every sector of American society, including the leadership of both management and labor, have demanded a substantial tax cut in 1963. This, in the presence of a tremendous national deficit, both accumulated and current, is a phenomenal thing. Personally, I feel that most of my constituents want the tax cut but that they want it with substantial reductions in Federal expenditures. Foreign aid is admittedly a loosely managed program when compared with domestic programs like defense and public works. The charitable parts of it are of doubtful constitutionality.

For these reasons our country should have only a limited foreign aid program in 1963. The presence of over $7 billion in the pipeline, already committed by our country, allows a flexibility that could include an actual 2-year moratorium; and in the present circumstances that would seem wiser to me than a liberal, relatively unchecked program of the type we have had in the past.

A negative vote on this bill cannot be sustained on the theory that the bill is all bad. Far from it. There is much good in the bill; but in 1963 with the serious financial problems facing our country we must do whatever we can to preserve our national fiscal strength.

Mr. MORGAN. Mr. Chairman, I yield 3 minutes to the gentleman from New York [Mr. RYAN].

Mr. RYAN of New York. Mr. Chairman, while I have always been one of the strongest advocates of foreign aid to assist other nations to achieve independence, freedom and self-sustaining economic growth, I have also made it clear that we should be vigilant in protecting the interest of U.S. citizens and in requiring the program be administered in the interest of world peace and stability.

In this regard I have been concerned particularly with the granting of foreign aid to Egypt. Ever since I entered the Congress, the situation in the Middle East and the continuance of aid to Nasser's Egypt have been a constant concern. When the foreign aid bill was before us in 1961 and again in 1962, I spoke in favor of the inclusion of strong language in the foreign aid bill to make clear the Congress deep concern over the discriminatory practices of Arab States against American citizens. I have introduced resolutions in the 87th and 88th Congresses which clearly articulated this concern.

I have also voiced great anxiety over the increasing arms race in the Middle East. I have introduced House Concurrent Resolution 152 urging the President to use his good offices to negotiate with the states in the Middle East an agreement banning the production of nuclear weapons or the introduction of nuclear weapons in that area. The resolution also urges that the United States takes all necessary and appropriate action to prevent any violation of the existing frontiers or armistice lines in the Near East.

As we consider H.R. 7885, we are faced again with the question of foreign aid to Egypt. Nasser has not halted his aggressive designs in the Middle East. Nasser's determination to destroy the democracy of Israel is adamant. His attack on the Government of Jordan continues. A large Egyptian force remains in Yemen. Nasser's action in Yemen is of particular concern since he has not yet lived up to the agreement negotiated on April 8, 1963, by U.S. Ambassador Ellsworth Bunker. According to the agreement between the United Arab Republic, Saudi Arabia and the Secretary General of the United Nations, Nasser agreed to withdraw his troops. Nasser has also been a disrupting force in Africa. In recent years in the Congo, Liberia, and Sierra Leone, United Arab Republic diplomats have been asked to leave.

Nasser's various activities have created great unrest and increased tensions in a critical area of the world. The arms buildup in Egypt, however, is perhaps the most menacing.

Mr. Chairman, since 1955 the Egyptians have been receiving arms from the Soviet Union in increasing quantities and sophistication. It has been reported that the Soviet Union agreed to provide approximately $450 million worth of arms to Egypt during the 3-year period 1961–64. In June 1963, a 15-man United Arab Republic military delegation headed by Field Marshal Amer went to Moscow to negotiate a new weapons agreement. The Soviet Union has provided Egypt with modern up-to-date weapons. Nasser has received the long-range Soviet "Badger" bomber, the Mig–21 fighter plane—there are rumors that Egypt will be receiving the Mig–23—the only really heavy tank available in the Middle East—the JS–3, air-to-air missiles, ground-to-air missiles, sea-to-shore missiles, and about 10 submarines. In addition, Egypt has received from the Soviet Union a very large number of recoilless guns, other items of artillery, transport planes, helicopters, a number of TU–54 medium tanks, armored personnel carriers, as well as small arms. Egyptian officers have been trained in Soviet bloc countries.

In addition to the massive Egyptian arms buildup, German scientists have been working in Egypt on missile and nuclear warhead development. Recent evidence was introduced in a trial in Switzerland, and reported in the New York Times on June 10, 1963, that Egypt has bought $1 million worth of fissionable materials, including deadly cobalt, from Great Britain and Canada.

It is not in the interest of the United States and the preservation of world peace to facilitate the arms race in the Middle East by giving aid to Egypt. Foreign assistance to Egypt has been substantial. From fiscal year 1956 through fiscal year 1963 U.S. economic aid to Egypt totaled about $700 million. Economic aid under this act for fiscal year 1963 totaled $48.6 million. Also in fiscal year 1963 Egypt received the equivalent of $140 million under the Public Law 480 program.

The committee report on H.R. 7885 at page 5 states:

> The committee believes that an arms race cancels out the salutary effects of U.S. economic assistance and accentuates the threat of a new outbreak of hostilities.

The committee urges:

> Our aid to Israel and the Arab States should be administered so as to discourage conflict and to promote stability in the area.

Section 306 of H.R. 7885, the bill before us, states:

> No assistance shall be provided under this or any other Act, and no sales shall be made under the Agricultural Trade Development and Assistance Act of 1954, to any country which the President determines is engaging in or preparing for aggressive military efforts directed against—
>
> (1) the United States,
>
> (2) any country receiving assistance under this or any other Act, or
>
> (3) any country to which sales are made under the Agricultural Trade Development and Assistance Act of 1954.
>
> until the President determines that such military efforts or preparations have ceased and he reports to the Congress that he has received assurances satisfactory to him that such military efforts or preparations will not be renewed. This restriction may not be waived pursuant to any authority contained in this act.

I strongly support section 306. I now put the President, the Department of State, and the Agency for International Development on notice that I will do everything I can to insure that the future administration of our foreign aid program conforms to this unambiguous policy directive of the Congress.

I also wish to point out that the Committee in its report on H.R. 7885 further states at page 5:

> Consideration should be given to the withholding of economic assistance from those countries which persist in policies of belligerence and in preparations for their execution and to entering into security guarantees with those nations that would be willing to make appropriate commitments for promoting peace and stability in the area.

The Committee on Foreign Affairs deserves commendation for its wisdom. It is time for the United States to reappraise its policy in the Middle East with a view to promoting peace and stability in that area. The committee has laid down guidelines for such a reappraisal, and I hope that its initiative will not be disregarded.

Although today I have emphasized the arms race in the Middle East and Nasser's determination to destroy Israel, we should not overlook the fact that Egypt and other Arab States receiving U.S. aid still persist in discriminating against American citizens. The Committee points out at page 10 of the report that:

> Some Near Eastern countries have eased travel restrictions affecting American citizens of the Jewish faith. However, forward movement has been slow and further effort is required.

Section 102 of the Foreign Assistance Act of 1961, as amended, includes a nondiscrimination declaration. This section must be fully implemented. This firm policy declaration by the Congress against discrimination against American citizens has no doubt played a substantial role in whatever progress has been made. However, the administration must vigorously pursue this policy. Arab nations must be told in no uncertain terms that they cannot on the one hand expect to receive money from all American taxpayers and on the other hand discriminate against Americans.

Mr. Chairman, the language of H.R. 7885 and the accompanying report spell out the sense of Congress that foreign aid must be administered in the interest of world peace.

No assistance is to be provided to any country which the President finds is engaging in, or preparing for, aggressive military efforts directed against any country receiving assistance under this or any other act. I interpret this language to mean that Egypt shall not receive assistance as long as she continues to prepare for aggression against the democracy of Israel, our steadfast friend in the Middle East.

Those who advocate a policy of aggression and take actions calculated to destroy their neighbors and disrupt the security of the world can no longer look forward to aid from the United States if the policy expressed in this bill is adopted and carried out.

Mr. MORGAN. Mr. Chairman, I yield 3 minutes to the gentleman from Kentucky [Mr. Chelf].

Mr. CHELF. Mr. Chairman, soon after World War II, when many of our allies were broke, desperate, frustrated, disillusioned and even hungry, we in the United States came up with the so-called Marshall plan to give aid and succor to them. This was not only a charitable act but it kept many free nations of the world from sinking financially and it prevented many others from being taken over by communism. Upon this premise, I have supported foreign aid for the past 15 years.

I can recall an expression which I used in a House speech over a decade ago in which I urged the passage of such legislation. I said:

> It is most difficult to teach a man democracy on an empty stomach.

However, the original 1948 idea, intent, purpose and mission of the Marshall plan has been accomplished.

A decade and a half later, we are still taking care of the needs of not just our former allies, but out of the approximately 110 duly recognized nations of the world today, we are aiding directly or indirectly 100 of them. Is it any wonder that our U.S. gold is melting away? We simply cannot take the whole world on to support. It is like the head of a household running off his own family in order to take in all of the neighbors on the block.

Through the intervening years this saddle of giving away our heritage has grown most heavy and the bellyband that holds it on is strapped so tightly that it is rubbing sores into the already raw backs of the American taxpayers. To feed, clothe, house and give succor to our friends after World War II in order to prevent the spread of communism is one thing but trying to solve all of the problems of 100 nations and to support their governments, is quite another thing.

Oh yes, the proponents of this legislation argue loud and long—as they have for years—that 90 percent of all of these billions—sent abroad—is spent here in the United States. Unfortunately, we have given away over $100 billion since this endless program was originated. The proponents also lose sight of the fact that all of this money appropriated and spent comes out of our store of goods and that we are absolutely depleting our own resources and permanently "gutting" our economy.

I ask you, What good is the 90 percent of the funds spent with our industry and economy when we wind up giving it all away to those overseas and at the expense of our taxpayers? For instance, look at our gold situation: $15,800 million is our estimated balance at Fort Knox today, $12,300 million is needed to back our dollar. According to simple arithmetic, this leaves $3,500 million "in the green." However, I have bad news for you. There are foreign claims against the U.S. Treasury to the tune of $20,500 million. Deducting the $3,500 million balance from their foreign claims leaves us with a face-reddening deficit of $17 billion. Add to this sad picture the $8 billion in foreign commitments and other obligations, and we find ourselves deeper in the red, to the high note of $25 billion. And this does not include our present $285 billion Federal debt which, as you know, the other day was increased to $309 billion. As Representative Rich used to say: "Where are we going to get the money?" I say to you: We do not have it because we are overdrawn at the bank.

My colleagues, I represent the Fourth District of Kentucky which includes Fort Knox where our gold was buried. I must inform you that my civilian friends in my native county of Hardin tell me that this gold is constantly and surreptitiously on the move out of its depository there. It is done as quietly as a church mouse.

On my trip to an immigration conference in Geneva last fall I questioned many bankers, businessmen, Government officials and other leaders about the strength of the American dollar overseas. A leading European banker told me that he sees devaluation of the dollar as an absolute necessity. He suggested that if the U.S. payments deficit could be eliminated, or reduced, the dollar has a chance to regain its former popularity among the world currencies. A major worry, this gentleman said, for the United States is the steady and persistent loss of our gold reserve. For instance, since 1950 we have been forced to ship $7 billion in gold out of the country. Businessmen in Europe advise me that they are in agreement that our dollar is being expected to carry too heavy a load. They said to me that the only long-term solution for the United States is to cut down on its foreign aid and its military spending abroad, particularly in the Far East.

What is needed, said European financiers, is to get the prosperous countries of Europe to help pay the cost of preventing the spread of communism. They said that in order to do this, we ought to give some worldwide political recognition to these nations holding our I O U's payable in our gold. They added that if we did this, the United States could then expect some agreement from other free nations who are now hoarding the gold which we ship to them and who then would be more inclined to share the U.S. financial load abroad.

My honest belief is, as a result of my trip last fall, that Europeans of all walks of life think the leaders of the United States are either nuts or irresponsible to continue a heavy program of assistance to countries who could do more to help themselves or who could borrow money on long-term development loans.

An economist pointed out to me that German bankers are particularly unhappy with the United States and our aid program. I was informed that German banks have a policy of making so-called hard loans to countries who want to develop their resources. It was said by one European banker:

> The world has substituted the American taxpayer for the former European colonial system.

A recent study by me reveals that all debts in the United States add up to more than $1 trillion. The Federal debt is $303.5 billion while State and local governments are in the red $73.7 billion. These two debts total $377.2 billion. However, the grand total of all of our indebtedness, Federal, State, local and private, adds up to the sum of $1 trillion $17 billion $300 million.

Recently the Washington Post said:

> U.S. gold outgo tops $1 billion—deficit in balance of payments rises in second quarter. This country's deficit in the international balance of payments ran considerably more than $1 billion in the second quarter of this year, the Department of Commerce announced. The Department figures could add up to an annual deficit of $4.2 billion for 1963 if the large second quarter deficit continues for the rest of 1963. Such a deficit could result in a loss of more dollars than the record $3.9 billion outflow in 1960.

Unfortunately, we are far too busy spending money that we do not have, on people that we do not know, to impress people who hate our insides.

Due to these and many other factors, as a former supporter of this program, I am casting a vote for what I consider to be in the best interest of America and which I believe will help to get us out of "hock" to the very foreign governments that we have helped to survive over the past 15 years.

The boys in State, Defense, and aid that are jointly running this show somehow remind me of the egotistical fellow who was imbued with the belief that if he had never been born, people would have wondered why.

Since we are flat broke, owe over $285 billion without even counting the many billions that the Government has insured, this authorization bill today for additional foreign aid funds is about as necessary as earmuffs for a sick bumblebee lost in a nursery hothouse. Why? Because we now have billions of dollars in the so-called pipeline that are unspent funds. Enough, I am told, to run this "freeloading" mess for several years without the additional appropriation of 5 cents. This is true because AID absolutely could not, even with all of their pipedreams, come up with an idea as to just where they could give these funds away, such as that unneeded, unnecessary steel mill in India that would cost $1½ billion and on which over $30 million have been spent for preliminary studies.

The letter that all of us received, signed by Secretaries Rusk and McNamara, stated, among other things:

> As we view our * * * relationship with the Soviet Union * * * the continuing crises in Laos and Vietnam * * * we believe we cannot now afford to retreat in our foreign assistance efforts.

My colleagues, I hate to say this, but ever since we undertook to save our friends and allies back in 1948, this business of foreign aid has been one crisis after another. Frankly, I am getting a bit "punchy" at the constant playing of this old, broken record. Our inability as Members of Congress to shut off the water, cool the boiler, put out the fire and thereby stop the flow of aid which we are now financially incapable of giving, has practically ruined our country. I repeat—the primary object, intent and original purpose of the Marshall plan was to save free nations from communism. However, today these very same nations have not only been saved but they hold our I O U's for the gold that we do not now have in my Fourth Congressional District of Kentucky at Fort Knox.

In summation, I am reminded of that old statement: "Don't give that fellow on the floor of the car another drink—because he's driving." Paraphrasing this, I would say: "Do not give that guy in 'AID' another dollar while he's lying on the floor because he is actually attempting to drive this 'handout vehicle'—and without any steering wheel or brakes."

Shortly after World War II most all of Europe was broke—knew it—admitted it—and begged us for help. Today, the situation is in reverse. We are broke—do not know it—will not admit it—and are throwing our dollars away like a Bowery bum playing mumble peg with the D.T.'s.

For the reasons herein stated, I shall vote for any amendment or motion to recommit if it provides for a reduction in the amount. If H.R. 7885 is not substantially cut, I shall have to vote against this project.

Mrs. FRANCES P. BOLTON. Mr. Chairman, I yield the balance of the time on this side to the gentleman from New Jersey [Mr. FRELINGHUYSEN].

Mr. FRELINGHUYSEN. Mr. Chairman, as the debate nears its end I should like to join in paying tribute to the chairman of the Committee on Foreign Affairs, the distinguished gentleman from Pennsylvania [Mr. MORGAN]. His levelheadedness, his fairmindedness, and his leadership have provided a reasonable degree of calmness in a committee where there are many different points of view on a subject which has some elements of controversy. It is a tribute to him that we have come up with a bill which so many members of the committee are supporting without qualification.

I should like also to pay tribute to the gentlewoman from Ohio [Mrs. FRANCES P. BOLTON] for her leadership on the minority side.

President Kennedy yesterday seemed to express surprise that more than half the Republican membership of the House Foreign Affairs Committee were in support of his bill. I am not sure he was surprised, but at least he expressed his opinion that it is fortunate that the bill now has bipartisan political support. Of course it does, because there are those of us on both sides of the aisle who feel that this bill is important to our own security, that the amounts which we propose to expend are reasonable, and that we should not falter at this time.

Mr. Chairman, as we approach the time for offering amendments to this bill, it may be timely to make a few observations. I have hesitated about speaking at all during the debate. In the first place, I doubt if many individuals will change their minds on how they will vote on the bill because of what has been said—thus far at least. Secondly, I have had some doubts about what to say and how to say it in this vast, complex and sometimes controversial field of foreign aid.

Though most Members have decided how they will vote on the bill itself, the amendments are another matter. I have decided to speak, primarily to urge that each Member remember the value of certain qualities as he considers the various amendments soon to be offered. Let each of us have patience with another's point of view. Let us remember the value of an open mind as we consider the merits of these proposals. Let each of us take time to think twice; let us weigh carefully both the pros and cons as each suggestion is offered. Let us not act hastily in adopting proposals, the significance of which we have not examined closely. Let us seek the path of true wisdom, and seek diligently to identify and protect the interests of our country.

By these suggestions, Mr. Chairman, which I offer with hesitation, I mean to cast no aspersions on anyone. Honest differences of opinion are inevitable, and they can be healthy as we seek to develop reasonable positions for maintaining and strengthening our foreign aid program. What we should avoid, in my opinion, are the needless—even dangerous—efforts to invade executive responsibility. Furthermore, as the Clay Committee points out, "we should be mindful of the risks inherent in using an ax to achieve quickly" the changes which may be needed.

The Clay Committee report, let me say, is a mixed blessing. To a considerable extent it invites the very trouble which it professes that we should avoid. If it is true that "we are indeed attempting too much for too many," why not use the ax now? We have only to read the minority views to see how those opposing foreign aid use this assertion to argue for complete revision—or as it was more candidly put yesterday, that we should "embalm" foreign aid. They question whether this country can afford to "police and wet nurse" the whole world. Of course foreign aid has never been designed to police anything. It aims at helping the free world help itself and thus help us. Calling this pursuit of the national interest "wet nursing" should not distract us from the importance of what is being attempted.

Mr. Chairman I believe strongly that the foreign aid program needs no drastic retrenchment, as some contend such retrenchment is likely to lead to a far less effective program than we have today. So too, the contention that a drastic revision of foreign aid is essential appears to me highly arguable. After nearly 20 years of foreign aid, the shakedown part of the cruise should be over. As President Eisenhower has said, one of the problems with the development of sound programs has been a continuing lack of stability. This prescription is one which does not depend on being shaken well before each use.

Nor do I find particularly helpful the Clay Committee's assertion that a reduction in the quantity of our diffuse aid effort in certain countries could accomplish more. This gives the impression, though it may be unintentional, that we spread our aid too thinly for it to be effective, but that if it were even thinner, we could do more. Or does it mean that if the effort were less diffuse, and some countries now receiving aid should receive less—or none—that more could be accomplished? But then it should be remembered, as I pointed out yesterday, that General Clay had no specific recommendations of reductions, or eliminations, this year of any consequence whatever. Like so much in the Clay report, many recommendations can be read in so many ways as to be virtually meaningless. An army receiving such commands could be expected to march off in quite opposite directions at the same moment.

Before closing, Mr. Chairman, I must comment briefly on two amendments which I personally believe to be unwise. One unfortunately was adopted in committee, and the other was only narrowly rejected. Adoption of either of these proposals, in my opinion, would needlessly complicate the problems faced by those who administer the foreign aid program, and achieve nothing in the way of developing a more realistic program.

We are soon to consider whether or not to require prior and specific approval by Congress of every project over a certain size. The figure in committee was $100 million; the figure to be suggested is reportedly $50 million. Whatever the figure, I doubt whether such a restriction will help Congress discharge its responsibilities more effectively, and it will surely complicate the administration of the program.

The reason this amendment was first offered was because of the Bokaro steel mill in India. I would not object so much if language were being offered which sought to prohibit aid to this particular project. As yet, however, I should point out, the facts are not yet known on which we could objectively judge the feasibility, and advisability, of this steel mill. What I do object to is the principle that prior approval must be formally given to certain projects.

This principle assumes, quite erroneously I believe, that the cost of the project should be the test of congressional interest. It seems to assume that the executive branch is incapable of exercising good judgment on big projects. By implication at least, it suggests that Congress is not interested in how the taxpayers' money is spent on the many projects estimated to cost less than the magic figure.

Adoption of this requirement would require congressional committees to acquire the experts which would be needed to study the many technical, political, and economic factors which underlie the decision to proceed on a major project. Adoption of this limitation makes it appear that Congress is shirking its present responsibility of overseeing and "watchdogging" what the executive is doing. It is an attempt to transfer to the legislative branch responsibilities which more naturally, and rightfully, belong to the executive.

Furthermore, if this principle is valid, and the Foreign Affairs Committee should become a Foreign Public Works Committee, the cutoff point could be lowered at will. As one member of the other body has already suggested, why not require prior, specific approval by Congress of every foreign aid project estimated to cost over $1 million? Why not indeed, if only to keep us busy during the slack periods of our present 12-month sessions?

Another amendment which to me appears inadvisable involves new language in section 620 of the Foreign Assistance Act. It appears on page 15, starting at line 8 and continuing to the bottom of the page. In brief, this provision would forbid aid under this act or under Public Law 480 to any country which the President determines is "engaging in or preparing for aggressive military efforts" directed against this country or any country to which we are giving aid. The committee's explanation of this language, I might point out, appears on page 32 of the report.

A sweeping prohibition against aid to any country "preparing for aggressive military efforts" against any country to which we are giving aid should constitute a real nightmare for the executive branch. How could they analyze any country's intentions? How much reliance could the administration place on the reassurances of any country that it was not going to renew its preparations for military action?

Is there any country in Central or South America which has no contingency plans, involving aggressive military efforts, for possible use against its neighbors? Would this language prohibit any aid to Israel, or other countries in the Near East? Is there any country in Africa which has had no evil thoughts about its neighbors? In the Far East, could no aid be given to Cambodia, Laos, or Vietnam? Can neither Pakistan nor India henceforth get anything? The possibilities for paralyzing the aid program are infinite. In every case, it would seem, our aid must cease forthwith. Barring aid to countries actually engaged in aggression would be far-reaching, but on its face this language would be a sure method of killing the foreign aid program.

The committee report indicates that this new language is intended to reduce harassment and military threats by one country against another. Perhaps so, but the language is far more sweeping than that. Even the Clay Committee report recognizes the value of military assistance programs though only "in extraordinary circumstances," in their opinion, should military assistance programs be established "where the principal quarrel of the recipient country is with a non-Communist neighbor with which the United States also maintains friendly relations"—page 18. This is quite a different point from a contention that the mere threat that the United States will withhold aid will bring peace to the world.

In conclusion, Mr. Chairman, let me say what by now must be obvious. I believe in the importance of foreign aid. It is important to our own security. It is of decisive importance also to the countries which receive our help. We should not now lose faith in the value of what we are doing. I cannot conceive that Congress will suddenly abandon what has been so nobly begun.

This is not to say, and I am not so contending, that this program cannot be improved. Perhaps more can be accomplished for less money. Perhaps more selectivity would produce more dramatic results. All this is only another way of saying that Congress, together with the executive branch, has a continuing responsibility to improve and strengthen the program. Each year we must face up to the problem of how much is needed and to whom it should be given. The goal is a worthy one, and well within our means to support.

Mr. CLANCY. Mr. Chairman, I ask unanimous consent to extend my remarks at this point in the RECORD.

The CHAIRMAN. Is there objection to the request of the gentleman from Ohio?

There was no objection.

Mr. CLANCY. Mr. Chairman, each year when this bill comes before the House we are promised a complete reexamination, agonizing reappraisal, or thorough overhaul of our foreign aid program. But despite the appalling revelations of useless expenditures, despite the fact that there is very little tangible evidence that our huge outlays have achieved any good, and despite the apparent weakness of the basic doctrines on which the aid program is predicated, we are still operating the world's longest gravy train.

I believe it is unrealistic to assert that failure to extend economic assistance to underdeveloped countries will lead to their eventual subjugation by the Communists. At the same time, I think unrealistic the theory that you can reform societies, create politically mature and sound governments, and raise living standards in these countries merely by giving them money.

One of the great weaknesses of our aid program is that so little of the money goes to stimulate private enterprise. The money just does not filter down to benefit the individual citizens in the countries we are attempting to assist.

I believe that technical assistance programs are preferable to direct financial grants. And I do not believe in rendering any assistance whatsoever to those nations who have alined themselves with the Communist bloc. In this category I would include Poland and Yugoslavia where we have poured millions of dollars while witnessing the strengthening of ties with the Soviet Union. I am glad the committee did not approve the proposal to reverse the withdrawal of "most favored nation" tariff treatment for these countries.

Mr. Chairman, I am unequivocally opposed to enactment of H.R. 7885. Criticism of this program has been long and loud, yet efforts to curtail its excesses and redefine its objectives have been weak and dispirited.

So here we are again borrowing money so that we can give it away, while our gold reserves are running out. Meanwhile, we have yet to see concrete proof of the value of this aid to recipient countries and proof of its value to the United States.

Mr. MORGAN. Mr. Chairman, I yield such time as he may desire to the gentleman from Pennsylvania [Mr. DENT].

Mr. DENT. Mr. Chairman, although I take the floor during the discussions on the foreign aid bill I want it clearly understood that I recognize the seriousness of the situation both worldwide as well as in our national economy because of direct and indirect effects of a shutoff of this aid at this time.

It is regrettable that what started out as a most humanitarian effort to help our allies recover their lost economies has been degenerated in some instances into a wasteful, profiteering grab bag by the exploiters who are always around when hunger and need are on the scene.

Today I intend to cover one facet of this aid program. This deals with U.S. sponsored and supported competitive industrial facilities and the effect upon our job economy.

I am aware of the fact that the proposed Indian steel mill is not authorized by this legislation but I am also aware of the fact that the first $50 million toward the project has already been committed.

Whether the steel mill is built or not is not the issue before us. The issue is whether the Nation can face up to the realities of life and admit that the more we help Nations to become self-dependent the more we face a cut in our export trade.

I do not object to helping nations to help themselves. I do object, however, to helping nations under the fake impression and propaganda that we are helping our economy when we build competitive plants overseas.

It has been said that this mill will only produce for the needs of the Indian economy. That is what has been said in the past about mills in Europe, Greece, Japan, Turkey, and elsewhere.

The truth of the situation can be found in today's story on page 1 of every major newspaper. This story reports an appeal by both steel labor and the steel industry for protection against steel imports. I know it is only a thinly guised appeal for higher tariffs, by calling for relief from so-called dumping practices.

Every businessman knows that dumping or selling off your surplus at a price lower than your regular price is a time-honored business practice. This Nation does it with wheat, cotton, peanuts, and every other item over which the Government has control of production and distribution. It is natural for foreign producers to do the same and especially so when they are paid in U.S. dollars.

I would refer you to the hearing of the Select Committee on Imports and Exports and direct your attention to the testimony of both steel labor and management. Their positions were the same in that they testified against protective covenants in our trade pacts. However, both claimed immunity from import injury for very different reasons.

Steel management said it feared no import injury if labor would reduce its wage demands.

Steel labor said they feared no import damage if management cut their profit to reduce prices competitively. Of course, if both profits and wages are to be set aside to compete in world trade, then we can start reducing our standard of living to the level of our competitors.

However, neither side will agree to the other's stipulations and the results are exactly what I predicted—serious job displacement, serious import impact upon the steel economy.

The proof, if any is needed, can be found in the Presidential appeal for help against imports by the steel producers and steel labor.

When we voted an amendment to the foreign bill restricting exports from facilities in foreign countries aided by this program I started being a supporter of this legislation. I had always believed in the principle of helping your neighbor but never believed we should help him to cut our economic throats.

I asked for a report from AID on the results of this amendment. I got what I expected—an answer that tells all and proves nothing. Here is the answer I received:

> The routine practice on each loan for a productive endeavor is to determine by means of a checklist whether or not the production will compete with the United States. No more than 20 percent of their annual production may be exported to the United States. If there are any dangers in this regard the Capital Development Agency investigates and negotiates. A list of commodities is not used.

The information was received from Mr. Britt of AID.

You will note that the word "if" is used. So far no danger has been found since no report of any action is on record.

The admission that a list of commodities is not used in determining the danger or damage under this section of the law makes it a laughing stock amendment.

I was told when the amendment was passed that it was a sop to me and others of the same mind. Now I believe it. In order that the departments have one commodity at least to investigate I suggest that the steel imports be investigated as to place of manufacture.

If steel does not suit their fancy since it is rather obvious that steel could be one of the violators, I would suggest AID study the fertilizer imports, the cement imports, the shoe imports, the glass imports, and the truck farm products; study their place of origin and then find out where the money came from for the facilities that produced the products.

FOREIGN TRADE IN STEEL: PRODUCTION, IMPORTS, EXPORTS

World steel production in 1962 rose to a new record level of 394 million tons. This was an increase of 4 million tons, or 1 percent, over 1961 production.

Most of the increase was accounted for by the U.S.S.R., India, and Canada.

The United States share of world steel production in 1962 was 25 percent. Western Europe accounted for 29 percent, U.S.S.R. and Eastern Europe, 28 percent; and Japan, 8 percent.

For the fourth consecutive year, the United States was a net importer of steel mill products. Imports increased from 3.2 million net tons in 1962 as steel export also rose slightly.

The major sources of imported steel were Belgium-Luxembourg, Japan, West Germany, Canada, France, and the United Kingdom. About a third of the imports entered this country through the Atlantic Coast Customs District. Wire and wire products, pipe and tubing, wire rods, reinforcing bars, and sheets and strip led the list of steel imports.

The import trend has been ever upward, climbing from what was considered a very large volume of imports in 1958 of 1,700,000 tons to 4,100,000 tons in 1962. The type of imports has changed considerably in that we are now importing all types of steel mill products as against a limited variety of products prior to 1958.

In fact, we are now importing wire and wire products, piping and tubing, wire rods and reinforcing bars, at a rate of about 650,000 tons—of each type—per year, and sheets and strip, structural shapes, and bars at the rate of about 300,000 tons of each type per year.

The main source of imports has changed, with Japan coming from the bottom of the list to the top—with the total of 1,072,000 tons—the highest tonnage coming from any single country. In fact, Japan's tonnage now exceeds that of West Germany, France, and the United Kingdom combined.

This holds true to the oldest economic trade fact in that buyers will seek the cheapest market from which to buy, and since Japan's wages are only 63 cents an hour, compared to an average of $1.25 an hour in the European market, you can easily understand why the American importers have shifted their orders to Japan.

The latest figures on wages paid from exporting countries are as follows:

Comparisons of average hourly employment costs of steelworkers in United States and abroad in 1961 converted into dollars at the official rate of exchange

United States[1]	$3.99
Luxembourg	1.47
Netherlands	1.40
West Germany	1.37
Belgium	1.26
United Kingdom[2]	1.11
France	1.11
Italy	1.04
Japan	.63

[1] For 1962, the average hourly employment cost for U.S. steelworkers was $4.16. The 1961 figure was used here to provide a fair comparison, since foreign employment costs for 1962 were not yet available.

[2] Partly estimated.

Sources: European Coal and Steel Community; British Iron and Steel Federation; Japan Iron and Steel Federation (in addition to American Iron and Steel Institute).

Indirectly India is now having labor trouble because of its wage levels being far below the Japanese standard.

In 1958 this Nation exported 2,800,000 net tons, and in spite of the increased population of the whole world, and the fantastic increase in the use of steel in the foreign countries, our exports dropped to 2 million tons a year—a net loss of 2,100,000 tons in our foreign trade.

Our markets have also shifted in that now our main markets, accounting for 65 percent of all our exports, are Asia and Latin America. If this Nation continues in this policy of building competitive steel mills all over the world, it can hope for nothing less than a complete elimination of our foreign markets and a devastating increase in imports, thereby demoralizing our domestic market.

In fact, steel production in India, after the completion of the proposed mill, will put India in a position of not only supplying all of its own needs, but will practically wipe out our Asian market, which accounts for 50 percent of our total exports at the present time.

There are those amongst us whose answer is always the same. I would like to quote from Charlie Taft's Committee for a National Trade Policy:

> The high percent of unused capacity in the United States stems from factors such as chronic overcapacity, ease of entry into the industry, and chronic business failures.

The same organization opposes all antidumping bills by coming up again with the worn, outtimed fallacious arguments—unsound in principle, and the largest single contributor to our economic dilemma.

In a recent issue of Trade Talks, by this organization, they covered this situation by saying:

> Legislative proposals aimed at eliminating loopholes in the antidumping legislation will, in fact, open up new and serious loopholes to the awakened national policy of freer international trade, and in practice, they would complicate the trade restrictive tendencies of the law.

This statement was made in spite of the fact that 27 Senators and 37 Representatives, including some leading congressional spokesmen for the liberal trade view, have introduced antidumping legislation. It is interesting to note that this organization has bitterly fought congressional petitions signed by 33 Senators and 235 Representatives, calling for a restrictive trade covenant to help save the dying shoe industry, an industry that has witnessed an increase in imports that, in any other nation, would be the cause of a major crisis in government, since we now import 9 percent of the total domestic shoe output.

Although shoes may be a long way from steel, the policy involved is the same. I refuse to believe that it is the national policy of this country to destroy its domestic enterprise, to weaken its industrial complex, to create chronic unemployment on the false altar of international free trade based upon foreign governments' desires for U.S. dollars and foreign and domestic traders for increased exorbitant profits.

No nation can survive in an industrial economy that disregards its cost of production and instead of following the sound economics of production employment as the base for its economic well-being would pursue the will-o'-the-wisp of foreign trade.

Outside of a few dedicated individuals and many of them sincerely believing that open trade will create a world of peace and good will, it is my estimate that—in the main—the majority of those who promote free trade in this day and age have a financial and personal interest.

Two years ago this Congress passed an amendment to the foreign aid bill in which it was stated by this Congress that no facility of production anywhere in the world, aided by funds for the foreign aid legislation, could export products from these facilities to the United States.

The conference committee, although realizing that it was an economic handicap for the U.S. industries, amended it to allow 20 percent of the products to be returned to the United States. What has happened to this legislation? To date, not one single report, or one single instance of activity to implement this legislative act—with proper administration—has been reported.

I need not, at this time, take the time of the Congress to review that which has been said many times before; that many of the foreign aid dollars are spent at the insistence and persuasion of American go-betweens, acting for foreign governments—for a profit, or a fee.

I want to vote for this legislation, but it becomes increasingly difficult, and if it were not for the fact that I have a close and warm regard for the chairman, Dr. TOM MORGAN, my friend and neighbor in Pennsylvania, and his statement to me that this is the last piece of legislation of this nature, that he will sponsor and support unless it carries with it a definite program for phasing out.

I say now that commitments made, even if they were made in error, or in bad judgment, must be honored by these United States. I would vote in a minute to delete the funds for the steel mill in India, but failing in this, I find myself in the throes of a dilemma in that I want to share the responsibility—that of this Nation's at this time, in keeping its commitments.

Although a full 1962 report has not been made public, some information can be found in the April 1963 Steel Facts.

In a special report on imports-exports this magazine bluntly states:

EMPLOYMENT ADVERSELY AFFECTED BY IMPORT-EXPORT IMBALANCE IN STEEL

"It has been estimated that if the American steel industry had maintained its 1953–57 average participation in world export trade, and had prevented further import erosion, the industry in 1962 would have provided employment for at least 50,000 additional steel workers and paid out $300 million more in wages." This is the statement of a leading steel company executive.

IMPORTS ON UPTREND

In 1953 imported steel mill products totaled 1.7 million tons and exports were 3 million net tons—almost double the imports. In 1954 imports dropped to 770,822 net tons, compared to exports of 2.8 million net tons. However, since 1954, imports have risen while exports have declined after reaching a peak of 5.3 million net tons in 1957. During 1962 imports exceeded exports by 2.1 million net tons. The totals were: imports, 4.1 million tons; exports, 2 million tons.

If any Member of Congress is interested in the reasons for our chronic unemployment he might find an answer if he takes industry by industry import-export balances and then strikes an average of all industries. He will find that the main cause of the failure of our job economics can be traced to our persistent adherence to a trade policy which is a mixture of the Adam Smith theory of free trade, international mercantilism, and just plain propaganda for profit.

The direct unemployment caused by our trade deals runs into the millions but the indirect unemployment and underemployment amounts to a fantastic figure when we equate the price structure of U.S. produced goods against foreign products.

You will note that Steel Facts shows a loss of 50,000 jobs in steel alone by our loss of a "mere"—this is the term the freeloaders on the trade wagon use—2 million tons—export-import differential as for the 1953–57 period.

These were direct steel making jobs. Wages lost would average about $300 million a year.

Even the sophomoric economists who appear to have the center stage today have to admit that the mean average of jobs dependent upon industrial output runs about 3 for 1. If you bring 50,000 new jobs to a community you will have 200,000 income earners within a few months. The doctor, the lawyer, the butcher, and the baker will follow the production jobs. Then come the schoolteachers, the hairdressers, barbers, streetcleaners, and the tax collectors.

In a 200,000-income-earner community you will have a population of at least 500,000.

The U.S. Department of Labor claims 71 million wage and income earners in the United States out of a population of 184 million. Of this total of 71 million earners, 16 million are industrial workers.

Even a sophomoric economist can see where the burden of our economy rests; squarely on the shoulders of the workingman and the investor.

Somewhere in our grandiose schemes of one happy contented people all over the world, we upset this combination of worker and investor.

This Member of Congress believes it stems from unsound foreign trade policies as much or more, than from domestic blunders in our unplanned but deliberate growth of diversified monopolies with their only interest profit through elimination of jobs by automation, consolidation, and exploitation.

First in our trade policies, we deliberately and unwisely lost control of the selling price structure necessary to carry on in a high-priced economy by allowing foreign made products to infiltrate our marketplaces, not only with the blessing of our leaders but a hidden threat of a charge of treason against humanity if any American Congressman dared oppose free trade as it is known among those whom Lincoln so well described as the "Know Nothings." Today many of them edit some of our hearing reports and Department statistics and become economists.

By following the advice of these experts who in the main have belonged to the "parasitic" earner group all their lives, we curtailed growth of productive labor by displacement of goods for the consumer market.

This is particularly true in textiles where we sell cotton and buy back cotton products. It is true in leather where we sell hides and buy leather products; it is true in feed grains where we sell grains and import beef and beef products.

It is true in many fields of productive enterprise. We seem to forget that the real forward thrust of an industrial economy comes from the added value put on raw materials by the processing and manufacturing step between producer and consumer.

Having stagnated our job growth per population growth ratio, we then went one step further and invited, yes even coaxed with speeches of patriotism and tax concessions, our investors to build plants overseas, to invest in foreign based corporations, and to license foreign countries to produce U.S. patented products, to give them know-how, and, to top it off, we even gave our future competitors easy or free money.

When this tax concession was first proposed, some of us opposed both the suggestion for tax concessions as well as the theory advanced that this would help the U.S. economy.

Again we were right, for not long ago the President of the United States asked for a reversal of this policy and even today the Secretary of the Treasury, one of the chief proponents of the outmoded free trade theory, is asking for a special tax on foreign investments.

It is never too late, but time is getting short.

If we are to survive in this industrial economic rat race, kicked off by our tariff policies, we must reevaluate our position.

Nothing short of a return to Congress of the powers inherent in the Constitution can resolve this issue of free versus survival trade policies.

Mr. MORGAN. Mr. Chairman, I yield the balance of the time to the gentleman from Illinois [Mr. O'HARA].

Mr. O'HARA of Illinois. Mr. Chairman, "Cast thy bread upon the waters and thou shalt find it after many days."

France did that when we were a young country. To some people in France at that time that was a giveaway. But the bread that France threw upon the waters was returned to her in two great wars—when America, grown strong and big and powerful, saved France, the country that had thrown her bread upon the waters.

Mr. Chairman, some of these small nations that we are now helping to fight poverty, to fight disease, to fight ignorance and helping to find their place in the world will be strong and powerful when we will need them; and then our bread will be returned to us.

If war should come, our loss in lives and in money would be so great that we cannot contemplate the depth of the tragedy. We in the Congress have a responsibility greater than that faced by the members of any legislative body in the history of the world. The lives of the men and women and the children of the present are the stake of our decisions. The challenge of this generation is to build a world of peace. Other generations have failed. With faith and with courage, this generation can succeed.

There can be no peace in a world of poverty. There can be no peace in a world of ignorance. There can be no peace if in any part of this great universe of ours hunger and disease and ignorance go unheeded. There can be no peace and dignity to human life in a world in which God has been dethroned. When we have lost our faith in prayer, we will have lost everything that gives us strength and enriches our lives with a sense of purpose.

Communism is godless. That is an ideology so repugnant to our every sense of purpose that we risk in its containment and ultimate elimination an atomic war that would destroy civilization.

I think that at long last we are seeing in the heavens a star of hope. Because of the long, hard effort of the American people up to this time, the sweat and the sacrifices, Republicans and Democrats working and sacrificing and praying together, and at the ocean front forgetting politics, the blackness of the night has started to break and in the heavens is a star of hope.

Shall we now become faint of heart? Shall we now retreat, beaten when victory is in sight, because we are tired under the load of our sacrifices?

Pray tell me what alternative have we for the foreign aid program? America cannot retreat into its own shell. We cannot live in a world in which men and women and children in many other countries go to bed hungry and awaken to a new day of hopelessness, prey to devastating diseases and victims of ignorance.

Mr. Chairman, I speak with great emotion and the conviction of a long life. Every year we vote some $50 billion for arms. This is money spent with the hope that by its expenditure we will build a deterrent to prevent a war that nobody wants. But it is $50 billion for arms and weapons that if used will mangle and kill, bring death to men and women and even babies in their cribs, and will rob the soil of its fertility. You all vote for these appropriations and you all accept the judgment of the members of the committee that has the responsibility. It is insurance against the possibility of a war that nobody wants. It consumes 10 percent of the gross national product—10 percent for arms and ammunition and the things by which men are not brought into a fuller existence but are mangled and destroyed.

The foreign aid program is also insurance against the possibility of war or the possibility of the triumph of a godless ideology. It is aimed at poverty, disease, ignorance. It is aimed at a better world, a world with prosperous economies, a world in which we, our own United States, can find markets for the products of our skill and of our industry.

The foreign aid program consumes seven-tenths of 1 percent of our gross national product. Ten percent you vote for arms and weapons, the instruments of death, and you do not question your committee; you do not argue; you do not do anything but accept the sacrifices we must make for our security and to stop the spread of godless ideology.

Seven-tenths of 1 percent for the instruments of peace, for winning the hearts and the minds of people, for building markets for our own products, for building a world in which there can be peace—and you hesitate and question.

Mr. Chairman, from the bottom of my heart and with a great sense of love of my country and of faith in its future and, Mr. Chairman, with unwavering reliance upon that which is above our heads, engraved in the wall of this historic Chamber, "In God We Trust," I hope and I pray that this committee will accept the bill in toto as it has come from the committee and that you will give to the great Committee on Foreign Affairs the same credence that you give to the great Committee on Armed Services when it comes in with an authorization for billions of dollars for arms and you vote your approval unanimously.

There is a star of hope in the heavens. Ahead for us, our children and our grandchildren, for all future generations, may be a world of peace, a world stripped of unnecessary poverty and disease and ignorance—a world of law and order and human dignity. Let us take no backward steps. To falter and retreat, when the light is breaking and the dream of centuries may be on the threshold of realization, would constitute one of the great tragedies of history.

With courage and with faith, we cannot fail. It is a time of decision.

Mr. LINDSAY. Mr. Chairman, I ask unanimous consent that the gentleman from Texas [Mr. ALGER] may extend his remarks at this point in the RECORD.

The CHAIRMAN. Is there objection to the request of the gentleman from New York?

There was no objection.

Mr. ALGER. Mr. Chairman, during the last 2 days of debate on H.R. 7885, the Foreign Assistance Act of 1963, the Ways and Means Committee has held daylong hearings on H.R. 8000, the Interest Equalization Act. It is difficult to be both places simultaneously. Since we cannot, it has been necessary to do both part time. My partial absence does not indicate a lack of interest, nor desire to participate.

I have read the bill and the report and listened to part of the debate. To me the message is loud and clear. Foreign aid must be substantially changed and drastically cut.

Since World War II we have given away over $100 billion to approximately 110 countries. There is $6.8 billion in the economic and military assistance pipeline, that is unexpended money, earmarked for foreign aid, now we are being asked to authorize $4.1 billion more to 95 countries. Are American taxpayers considered to be a bottomless barrel of money? How easy it is to give away someone else's money, is the way it seems.

Indeed, we are not even giving our money away. We are borrowing money we do not have, borrowing from future generations of children and grandchildren to give it away. How fiscally foolish, how reckless, how careless, how immoral we are.

Our national debt is $305 billion and skyrocketing up. Our gold reserves are dwindling. And here we are, being asked to give away some more. Our debt, our taxes are the highest in the world. Yet, we must borrow more and either tax or inflate our currency more.

All evidence and information garnered from our past giveaways now tells us that we have failed to accomplish our objectives. The Communists, of the international conspiracy, are firmly entrenched 90 miles from our land. The Monroe Doctrine is discarded. We have not only failed to prevent the spread of communism, we have been subsidizing it. Our foreign aid to Communist satellites has been transhipped to help the Communists in Cuba, in Laos, in Vietnam, and elsewhere.

The United Nations has aided in this effort. We have footed the bill. Now it is British Guiana the Communists are preparing for takeover. There are other areas, too.

Our foreign aid has not only failed to stop the spread of communism, it has accelerated it. The shotgun techniques of scattering money promiscuously in grants, soft loans, Public Law 480, and gifts of every sort have helped the Communist enemy spread the teachings of socialism, educationally aided the unfriendly neutrals, and alienated our friends. We bewilder everyone.

You cannot buy friendship but we give the appearance of trying. We pledge no strings attached, and as a result, unfriendly neutrals and enemies benefit. We talk moral and spiritual virtue, and practice materialism. We declare our belief in do-it-yourself and self-determination and then expect foreign nations to act, to develop, to want to be, like us. Then we waste goods, we duplicate orders, we plan the wrong projects, and generally discredit careful planning and sensible goals, until it is no wonder foreign nations think we are fiscally irresponsible.

Couple with this free and easy careless giveaway the liberals belief in easy money and you can readily understand what has brought us to a crisis in our balance of payments.

We are told by Secretary Dillon and foreign aid exponents that giving our dollars away does not affect the balance of payments. What nonsense. Even the material bought in the United States with some of this money does not obscure this fact.

The 42,500 employees in Federal aid are too many. We should cut back the personnel. We should streamline the administration. All money expended must be carefully scrutinized yearly by Congress, no back-door spending. No money should go to Yugoslavia, Poland, or any other Communist country nor to the U.N. for transshipment to a Communist country.

In this connection we should not even trade with Communists and build up their economies. Otherwise, "Trade not aid," while a forgotten slogan should be remembered and practiced. Section 231 of the 1963 Trade Expansion Act must be observed not violated, by this administration.

Even the Clay Committee report stresses too much has been spent on too many. Strong as we may be, we cannot throw our money around. Nor should we invest without our own interests at heart.

I suspect that members of this administration in the White House would devalue our money before cutting foreign aid or big Federal deficit spending. This fact must be faced and the American people must choose either fiscal responsibility, the balanced budget, or the "spend ourselves into bankruptcy" so confidently expected by Khrushchev and the Communists.

The rest of the world must help bear the financial burden of foreign aid. United States great contribution can and must be, the demonstration of capitalism; of free enterprise at work. We should export our business know-how in American business moneymaking activities—not loans and grants, unless the cause of capitalism can be advanced. Free enterprise, a free money market, new American factories at home and abroad, that hire employees and help the local economies, standards of living and governments, through taxes on profits—these are our legitimate forms of foreign aid. By precept and example we demonstrate capitalism at work. Others can follow our examples and we help them as we benefit simultaneously from profits on our industry.

Competition is the key, "Trade, Not Aid" the slogan, inventiveness and initiative the origin, and capital the fuel. Our foreign aid should be self-interested and designed to serve capitalism and us capitalists. United States must lead. We must lay down our goals, our policy, and then show others how through sound business endeavor which we earn. We do not ask gifts, nor do we give away. We respect our endeavor and profit, we do not want to do anything to take away or discredit someone else's self-respect or desire to earn what they get. Commonsense, constitutionalism, and taxpayers demand no less.

I want to commend those members of the Foreign Affairs Committee who prepared the minority report. I share their views.

ACTION URGED ON LEGISLATION TO REIMBURSE OWNERS OF FISHING VESSELS SUBJECTED TO HARASSMENT BY OFFICIALS OF COUNTRIES OF SOUTH AND CENTRAL AMERICA

Mr. BOB WILSON. Mr. Chairman, I ask unanimous consent to extend my remarks at this point in the RECORD.

The CHAIRMAN. Is there objection to the request of the gentleman from California?

There was no objection.

Mr. BOB WILSON. Mr. Chairman, while the House is considering the foreign aid bill, I would like to call attention to H.R. 7602, which I introduced on July 16. It provides for a set-aside of $200,000 in aid funds destined for any country which harassed American fishing boats during the past year.

It is regrettable that the State Department has not sent a report on this bill to the committee so that it could be included in the measure before us. I am hopeful that action will be forthcoming from the Department of State so that Congress can move ahead to provide monetary protection for our fishing boats. The committee cannot justifiably act on my bill until the agency report has been received.

The measure was introduced as the result of an unfortunate incident earlier this year which demonstrated that our Government is unwilling, or unable, to afford protection to our fishing boats on the high seas. A South American country committed petty piracy against U.S. tuna fishing boats. The vessels were held in port. Fines were levied. The owners have since been promised reimbursement by our State Department; thus, the precedent of paying for the transgressions of international delinquents has been established.

My bill would simply withhold $200,000 of foreign aid money to cover any costs such as fines, inspection fees, port fees, licenses, and loss of revenue should our vessels be accosted and detained. It is in no measure discriminatory. A country could avoid the set-aside by pledging to observe the 3-mile maritime regulation accepted by an overwhelming majority of the world's countries, and by promising not to interfere with free and lawful use of nonterritorial waters by fishing craft.

If our Government does not choose to provide naval protection, I feel it is only fair that we in the Congress provide financial shelter for fishing fleets which brave the rigors of the sea to provide an important segment of the Nation's food supply.

In today's New York Times it is reported that Theodoro Moscoso, coordinator for the Alliance for Progress, is en route to Peru today to discuss details of Peru's request for $80 million of Alliance funds. Peru is one of the countries that is currently harassing our American-flag vessels in international waters, over 30 miles from the Peruvian coast. On Monday of this week, units of the Peruvian Navy shot at the vessel *Intrepid,* boarded the *Ruthie B* from San Diego. These are acts of piracy on the high seas, and I resent the payment of tribute in the form of foreign aid payments authorized in the Foreign Assistance Act of 1963 which we are considering today.

For 10 years I have supported the foreign aid program of this country. I intend to cast my first vote against this program in protest to the discriminatory treatment of American citizens by recipients of this aid.

The CHAIRMAN. All time has expired. The Clerk will read the bill for amendment.

The Clerk read as follows:

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That this Act may be cited as the "Foreign Assistance Act of 1963".

PART I

Chapter 1—Policy

SEC. 101. Chapter 1 of part I of the Foreign Assistance Act of 1961, as amended, is hereby redesignated "POLICY" and section 101, which relates to short title, is hereby deleted.

Mr. CELLER. Mr. Chairman, I move to strike out the last word.

Mr. Chairman, I ask unanimous consent to revise and extend my remarks and to proceed for 5 additional minutes.

The CHAIRMAN. Is there objection to the request of the gentleman from New York?

There was no objection.

FOREIGN AID TO THE NEAR EAST

Mr. CELLER. Mr. Chairman, I call particular attention to the provisions of the bill, page 15, section 306, which in part reads as follows:

> (i) No assistance shall be provided under this or any other Act, and no sales shall be made under the Agricultural Trade Development and Assistance Act of 1954, to any country which the President determines is engaging in or preparing for aggressive military efforts directed against—
>
> (1) the United States,
>
> (2) any country receiving assistance under this or any other Act, or
>
> (3) any country to which sales are made under the Agricultural Trade Development and Assistance Act of 1954.

This is not a recommendation we can afford to dismiss. The testimony is clear that a dangerous condition exists in that area which is the bridge of three continents. Egypt presently is violating the substance of the provision referred to.

A billion dollars of foreign aid has gone to Nasser. While our dollars have been poured into the United Arab Republic, the Nasser regime has been receiving arms from the Soviet Union. President Nasser has weapons including supersonic Mig–21's, antiaircraft missiles, and an arsenal of Egyptian-made weapons.

Egypt is making jet aircraft and rockets with the help of foreign experts. Its regular army numbers from 60,000 to 100,000. To say that the world has nothing to fear from Egypt's military buildup plus Nasser's insatiable ambition to rule over all Arab governments is to turn our backs upon reality. Every dollar we send Egypt releases Nasser from the obligation of developing the economy of that country. He would have you believe that the main Arab enemy is Israel. Yes, Egypt has enemies; and these enemies are poverty, disease, illiteracy, and ambitious politicians. Were our dollars used to the productive end of wiping out disease and poverty and illiteracy of Egypt I would be the very last to suggest that any conditions be set upon aid to Egypt.

Tension in the Middle East, whether it springs from Nasser's desire for an Arab empire or from his hostility to Israel, brooks ill for the Western World. It is a completely reasonable request that American dollars be used to promote peace. Offer after offer by the Israeli Government to sit down at the peace table with Nasser has been spurned. When Nasser's ambition to overcome other Arab governments fails, he turns his wrath toward Israel. Only recently, when Egyptian troops returned from Yemen, unable to admit to his discomfort, Nasser spoke to these troops, saying:

> Our armed forces are getting ready to wash out the shame of Palestine and face Israel and those who support her * * *. You must prepare to restore to the Palestinian Arabs their usurped rights. We must put aright the humiliation which the Arabs suffered in 1948 * * *. For us in Egypt, disarmament is impossible unless the rights of the Palestinian Arabs are restored.

Mark his language. I quote specifically the words, "and those who support her."

Our billion-dollar aid has not persuaded Egypt to refrain from getting military hardware from the Soviet Union. Our billion dollars have not persuaded Egypt to turn aside from her practice of vilification and hate aimed directly against Israel. Our billion dollars have not persuaded Nasser to turn his attention to the development of Egypt's economy and leave other Arab governments to work out their own destinies. In the words of the committee report:

> Any government which devotes its energies and its resources to the harassment of neighboring countries and to a military buildup directed against them reduces the effectiveness of its efforts to develop its resources and to improve the condition of its people. Funds provided by the U.S. taxpayer should not be used to make up for the money and effort diverted by the beneficiaries of our aid to such military activities. Furthermore, U.S. financial support to a government engaged in such activities must inevitably be regarded by those nations which are subjected to such harassment and military threats as evidence the United States is willing to tolerate, if not endorse, such action.

In the name of peace, these words merit the endorsement of every Member of the House. Peace in the world and the security of the United States are indivisible. The foreign assistance program recognizes this fact, but at no time shall it be said that the United States is for peace at any price. Thus, I am in wholehearted accord with the statement of the policy of the United States committed in the Foreign Assistance Act of 1963:

> To support the principles of increased economic cooperation and trade among countries, freedom of the press, information, and religion, freedom of navigation in international waterways, and recognition of the right of all private persons to travel and pursue their lawful activities without discrimination as to race or religion. The Congress further declares that any distinction made by foreign nations between American citizens because of race, color, or religion in the granting of, or the exercise of, personal or other rights available to American citizens is repugnant to our principles.

I have voted, and shall continue to vote, for foreign aid, because I believe that the reduction of world tension and insecurity is our greatest insurance for peace, but wherever there is the possibility that the purposes of our foreign aid may be perverted, we must demand that reasonable conditions be met.

Mr. CEDERBERG. Mr. Chairman, I move to strike out the requisite number of words.

Mr. Chairman, I ask unanimous consent to proceed for 5 additional minutes.

The CHAIRMAN. Is there objection to the request of the gentleman from Michigan?

There was no objection.

Mr. CEDERBERG. Mr. Chairman, it is not my intention to take this additional 5 minutes unless it is necessary. However, I would like to refer to the minority report, on page 123 thereof, where it states as follows:

> Five years ago, for instance, while foreign aid appropriations were running at a level comparable to that in fiscal 1963, U.S. military aid/or economic assistance went to some 80 countries. Today, an estimated 95 countries and territories are benefiting from our largess. And in the proposed program for fiscal 1964, the number of prospective recipients of our aid remains about the same.

At the top of page 14 appears the following:

> We have been troubled by continuing evidence of lack of reasonable criteria in the selection of the recipients of our aid.

Mr. Chairman, this has concerned many of us, I am sure. I recognize that we have had a number of administrators in this program and we can understand the difficulties there must be to administer as complex a program as this.

However, on August 14, 1962, our former colleague, Chester Bowles, who has been serving in the State Department and is also an adviser of the President on foreign affairs, made a speech, the title of which is "The Need for More Specific Criteria in Programing Economic Assistance."

This was in August of last year, and I want to quote a few statements from this speech because I think there are some things in this area that need attention that I do not believe have received sufficient attention in the administering of this program. I assume Mr. Bowles made this speech because he had some authority from the State Department or the President to do so, and it ought to be put into effect. He states:

> Although bipartisan recognition of the importance of the program is widespread, even its most loyal supporters suggest the need for a more coherent pattern in the programing of loans, grants and technical assistance.

Then he goes on to say:

> The lack of such a pattern may be explained in large measure by the crazy quilt of political commitments which we inherited from the previous administration.

I would like to know if anyone on either side of the aisle knows anything about these political commitments that were inherited by a previous administration in this program. No one appears to know.

Continuing, Mr. Bowles states:

> Together with continuing pressures from within our own Government and from recipient nations to use economic aid for a number of shifting political purposes.
>
> If the aid program is to remain creative and with instrument of foreign policy some means must be found to create a greater sense of programing integrity and consistency.

We can all agree with that last paragraph.

Turning to page 12 of the speech, he says:

> Our first task is to develop a practical basis for classifying the nations which desire our assistance on the basis of economic need, capacity and will. In placing each nation in its proper category the following questions, each of which reflects the spirit of the act for international development, suggest themselves:

I will not have time to read them all. The first is:

> Is the present per capita income of the country adequate to provide a reasonable minimum living standard and a satisfactory rate of capital savings and investment if it were distributed and used more equitably?
>
> Does the country have a competent government, sensitive to the needs of our revolutionary times, with the ability to maintain order and to carry out a comprehensive economic and social program?
>
> Has it prepared a well conceived, long-range national economic development plan for the effective and realistic allocation of national resources and foreign assistance?

Then he goes on and says further:

> Yet I believe that they may serve as a basis for placing each nation seeking U.S. assistance into one of the following four categories:
>
> 1. Nations whose current problems are sufficiently acute to require aid from the United States but whose difficulties result primarily from the misuse and maldistribution of existing gross national product.

Then he goes on to say:

> As a rough rule of thumb, I would characterize the nations in category 1 as those with a per capita gross national product substantially in excess of $350. On this basis, Greece, Venezuela, Lebanon, Cyprus, Singapore, Chile, Panama, Uruguay, Jamaica, Trinidad, and Argentina might be included.
>
> In order to qualify for U.S. assistance these governments should be determined and able to put their financial houses in order. The corrective measures on which we should insist would include tax reform, land reform, and more effective control and use of existing foreign exchange.

He says that if they do not do this and their aid should be on a temporary basis, the Government and the people should be tactfully told that U.S. assistance is being offered solely on a stopgap basis. In most cases 3 to 5 years is the maximum time they should receive it.

This was 1962. I would like to ask the chairman of the committee, in view of this, are there any nations that he knows of that are going to be denied assistance in the future or that will not be receiving assistance, and I name these particular countries, because they have put their financial house in order, and we plan to stop their aid in 3 to 5 years as a maximum.

Mr. MORGAN. Will the gentleman repeat the names of the countries?

Mr. CEDERBERG. Greece, Venezuela, Lebanon, Cyprus, Singapore, Chile, Panama, Uruguay, Jamaica, Trinidad, and Argentina. Do we intend to stop aid to any of these countries in the next few years?

Mr. MORGAN. Yes. I understand that they are making substantial economic progress and that we should be able to cut them off before too long. Formosa and Venezuela are making rapid progress and are getting on their feet. Several of the other countries are not doing so well.

Mr. CEDERBERG. Can the gentleman tell me whether these countries specifically mentioned in this category by Mr. Bowles have taken the necessary steps in tax reform, land reform, and so forth? If they have not, and I quote this one other question before the gentleman answers that:

> Why should American taxpayers continue to underwrite governments of nations with relatively high per capita incomes which are unwilling to collect the necessary taxes from their own privileged people?

This has been a matter of concern to many of us. I wonder if there has been any tax reform in these areas.

Mr. MORGAN. Venezuela has accomplished substantial reforms. The committee was told that 11 countries in South America have reformed their tax systems. I do not think they have accomplished all the reforms the gentleman listed, but there is progress in Colombia, Peru, Chile, Argentina, and Venezuela.

Mr. CEDERBERG. Is it the intention of the committee that unless these countries do conform to the formula set forth and do something about their own problems, the U.S. Government should no longer participate in giving them aid as suggested in this speech?

Mr. MORGAN. I think we should conform to the conditions laid down in the Act of Bogotá and to the conditions laid down in the Punta del Este Agreement, which included most of the conditions the gentleman just elaborated.

Mr. CEDERBERG. But the gentleman will admit there are many countries in this particular area, inasmuch as we are discussing the Latin American-South American area, who have not instituted any reforms or practically no reforms under the Punta del Este Agreement, but are still receiving aid? How can we justify that?

Mr. MORGAN. Most of them have made an attempt to meet the conditions. As the gentleman knows, the agreement signed with Brazil set forth certain conditions. We are withholding aid temporarily because the conditions agreed upon were not met.

Mr. CEDERBERG. The reason I bring this up is I think this was a major statement by Mr. Bowles, who at that time was an adviser of the President. Looking at this, there are many substantial things I can agree with in this speech for needed reforms if we are going to have a program, but looking over the number of nations receiving aid, we still are in the same place we always were.

There is another category in which he says:

> Nations whose gross national product is wholly inadequate and which at present lack the competence, organization, or will to use our project or budget assistance effectively.
>
> Such nations should be tactfully denied direct project assistance until they can absorb it effectively.

Can the gentleman give me any statement of a nation that is in that category?

Mr. MORGAN. No, I am sure that there are certain countries which are not able to use any large amount of aid effectively and we try to restrict what we give them.

Mr. CEDERBERG. I close in suggesting that it is not enough to make speeches. We need corrective action in this program.

The Clerk read as follows:

SEC. 102. Section 102 of the Foreign Assistance Act of 1961, as amended, which relates to statement of policy, is amended as follows:

(a) In the last sentence of the seventh paragraph, strike out "should emphasize long-range development assistance" and insert in lieu thereof "shall emphasize long-range development assistance".

(b) Immediately after the seventh paragraph, insert the following:

"The Congress further declares that, in order to assure that each program of assistance under this part is administered in such a manner as will most effectively carry out the policies stated in this section, each request for authorization of funds for such program shall be accompanied by a detailed statement setting forth—

"(1) the purposes of such program,

"(2) the specific objectives of such program, and

"(3) the priorities assigned to such purposes and objectives,

which will be adhered to in the administration of such program."

(c) The eighth paragraph is amended to read as follows:

"It is the sense of the Congress that in the administration of these funds great attention and consideration should be given to those countries which share the view of the United States on the world crisis and which do not, as a result of United States assistance, divert their own economic resources to military or propaganda efforts directed against the United States or against other countries receiving aid under this Act, whether or not such efforts are supported by the Soviet Union or Communist China."

(d) Immediately after the tenth paragraph insert the following:

"It is the sense of the Congress that, in the administration of programs of assistance under chapter 2 of this part, every possible precaution should be taken to assure that such assistance is not diverted to short-term emergency purposes (such as budgetary purposes, balance-of-payments purposes, or military purposes) or any other purpose not essential to the long-range economic development of recipient countries. It is further the sense of the Congress that short-term emergency purposes such as those referred to in the preceding sentence should be met, to the extent possible, through international institutions (such as the International Monetary Fund) which are equipped to condition assistance on immediate economic and monetary reform."

(e) The first sentence of the last paragraph is amended by inserting "(including private enterprise within such countries)" immediately after "countries".

(f) Immediately after the first sentence of the last paragraph insert the following new sentence: "In particular, the Congress urges that other industrialized free-world countries increase their contributions and improve the forms and terms of their assistance so that the burden of the common undertaking, which is for the benefit of all, shall be equitably borne by all."

Mr. FASCELL. Mr. Chairman, I move to strike out the last word.

Mr. Chairman, the section that has just been read contains four amendments which were considered and adopted by the committee. They are 4 of the 46 amendments that were adopted by the committee of the 100 amendments that were presented to the committee.

These four amendments deal specifically with the analysis of this program by the U.S. Chamber of Commerce. The amendments had the purpose of expressing their recommendations on general guidelines.

Specifically, the guidelines which were proposed were to accomplish better administration of the program, which, Mr. Chairman, has been the subject matter of a great deal of the discussion on this legislation both in general debate and during the reading of the bill for amendment.

The purposes of the amendments are as follows:

First. A clear delineation of program objectives as these relate to U.S. foreign policy, and a tighter commitment to them.

Second. Specific identification of the various purposes of foreign aid, in order to set priorities and budget expenditures accordingly, and tighter controls to assure that funds are not used for purposes other than those for which they are intended.

Third. New authority to encourage positive planning for private investment, trade, and initiative—local and foreign—in the developing countries, as well as to improve existing incentives for private participation in the program.

Fourth. New emphasis on long-range economic development, assuring a full role for private enterprise, and corresponding reduction in short-run emergency aid for financial "bailouts," military purposes and politically inspired projects.

Mr. Chairman, these generally are the objectives in filling the gaps in the program as the chamber of commerce saw them in its analysis. I believe that a good job has been done by your committee in achieving the objectives which a constructive analysis of the program has brought to you.

Mr. DERWINSKI. Mr. Chairman, I move to strike the requisite number of words.

I would like to take only a minute, Mr. Chairman, to address myself to the remarks just made by the gentleman from Florida [Mr. FASCELL]. If I may add a bit more legislative history, the gentleman from Florida, [Mr. FASCELL], and the gentleman from Indiana, [Mr. ADAIR], were especially interested in what we have broadly called the free enterprise amendments to the bill. They worked hard in committee to obtain approval in this section or chapter that we just covered. We also have an amendment that expresses the sense of Congress that any nation receiving aid should not divert its economic resources to military or propaganda efforts against another country. The purpose of this, of course, is to see that our aid is not used for cross purposes and to see that there is some intelligent application of aid not only on the part of the dispensers, but also by the recipients. This amendment received serious consideration and support in the committee, and I wish to indicate it is one of the most practical and far-reaching amendments accepted and one of the good items in this bill.

AMENDMENT OFFERED BY MR. FINDLEY

Mr. FINDLEY. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

> Amendment offered by Mr. FINDLEY: Page 2, line 24, after funds, strike out the word "great"; and on line 25 strike out the word "given", and insert the word "limited."

Mr. FINDLEY. Mr. Chairman, the purpose of my amendment is to strengthen the language which presently reads as follows:

> It is the sense of the Congress that in the administration of these funds great attention and consideration should be given to those countries which share the view of the United States on the world crisis and which do not, as a result of U.S. assistance, divert their own economic resources to military or propaganda efforts directed against the United States, or against other countries receiving aid under this act, whether or not such efforts are supported by the Soviet Union or Communist China.

My question is: Why should any attention and consideration be given to any country which does not share the view of the United States on the world crisis; any country which would as a result of U.S. aid divert their own resources to military or propaganda efforts directed against the United States.

The effect of my amendment would be to make the language of the bill read as follows:

> It is the sense of the Congress that in the administration of these funds attention and consideration should be limited to those countries which share the view of the United States on the world crisis and so on.

It seems to me this strikes right at the heart of our foreign aid problem. Are we to continue foolishly to try to buy the friendship of countries that oppose and thwart U.S. objectives? We surely should limit attention and consideration under foreign aid to countries which are with us in this great world crisis. The distinguished majority leader earlier today said, and I quote:

> We have been engaged by the enemy whether we like it or not.

The effect of my amendment would be to recognize this vital engagement in the legislative language before us.

Mr. ROOSEVELT. Mr. Chairman, I move to strike the last word.

Mr. Chairman, I would like to ask some member of the committee in relation to this last amendment, and particularly to this section, how you can justify not having some kind of stronger language than is now in the bill, and particularly what is referred to when you say at line 5 on page 3, "whether or not such efforts are supported by the Soviet Union or Communist China."

I want to be specific about it. I think we know in the Middle East, for instance, that Egypt at the moment is receiving arms from Communist Russia or from other Communist sources. How do we then justify turning around and building up an arms situation in the Middle East, which at any moment might flame into war—and all you have to do is read the morning paper to know the situation in the Middle East at this very moment—how do you turn around in this language and justify any aid to Egypt under these conditions?

If some member of the committee would reply, I would be interested to know.

Mr. DERWINSKI. Mr. Chairman, if the gentleman will yield, I cannot speak for the majority of the committee; but I wish to point out to the gentleman that he has answered his own question. If the House, and eventually the other body, accepts the amendment that the committee has added to this bill, we could not provide Egypt with assistance under this act if they continue on their present course of accepting arms from the Soviet Union or engaging in any direct or indirect transgressions against the State of Israel, Saudi Arabia, or any other country.

Mr. ROOSEVELT. Mr. Chairman, does the gentleman really mean that the State Department will take as a direction from the Congress the words "great attention and consideration should be given"? It seems to me that if you do not want the aid to be given, you might as well say that you do not want it to be given. The gentleman tells me that this is going to happen. I want to be sure that it is going to happen.

Mr. DERWINSKI. I would prefer that other members of the committee join in providing the answer. But may I point out to the gentleman that he personally would have more influence with the State Department than some of the members of the committee.

Mr. ROOSEVELT. Mr. Chairman, I will say to the gentleman that my influence in the State Department is not very great, I am afraid. So, if any member of the committee would give me an answer to this question, I should be happy to know what it is. I do not want to oppose the committee, but I will say that I want to vote for an amendment that would stop building up more war in the Middle East, when I can see it facing me this very moment. So I would like an answer to my question.

Mr. FINDLEY. Mr. Chairman, will the gentleman yield?

Mr. ROOSEVELT. I yield.

Mr. FINDLEY. Mr. Chairman, I presume that this is in part at least in reply to the amendment that I have offered which would clearly strengthen the language of this section. I would like to know if the gentleman does support the amendment that I have just offered.

Mr. ROOSEVELT. I will have to say to the gentleman that I am uncertain. I would want more information before I could support it. I am trying to get the information. I am not getting very far in getting the information. One of the things that bothers me is the question of aid that might be furnished to some countries like Poland, who I do not think are with us on many things, but who I think in the long run will help our aims; and I am afraid the gentleman's amendment might stop some of that aid. On the other hand, where there is direct military aid by Soviet Russia, I want to know that other kinds of aid are not going to go to that country.

Mr. FINDLEY. Mr. Chairman, I am sure that the effect of my amendment would be to declare the intent of Congress that Communist Poland or Communist anyone else would not be eligible for consideration or help under this act.

Mr. ROOSEVELT. That is what I am afraid of.

Mr. RYAN of New York. Mr. Chairman, will the gentleman yield?

Mr. ROOSEVELT. I yield to the gentleman from New York.

Mr. RYAN of New York. Mr. Chairman, earlier this afternoon I addressed the Committee and pointed out that section 306 of the proposed act, which is on page 15 of the bill, is, in my opinion, directed against the situation to which the gentleman from California has referred. Under this it is clearly stated that:

> No assistance shall be provided under this or any other act * * * to any country which the President determines is engaging in or preparing for aggressive military efforts directed against * * * any country receiving assistance under this or any other act.

It is my interpretation that under this provision, if the President finds that Egypt is preparing aggression against Israel, then aid to that country shall be terminated.

Mr. ROOSEVELT. It seems to me that we should try to get a direct answer to the question. In fact Nasser just a week ago said:

> We are just waiting for our armed might to move into Israel.

Would not that be sufficient to cut off all aid to a country the leader of which made that kind of statement?

Mr. RYAN of New York. I agree with the gentleman, and I hope that all Members of Congress who feel the same way, after this bill is enacted, will join in urging the President to use this authority to cut off aid to Egypt. I also urge the conferees to insist that this language be retained in the conference bill.

Mr. HAYS. Mr. Chairman, I rise in opposition to the pro forma amendment.

Mr. Chairman, I take this time to ask the author of the amendment a couple of questions about what he anticipates will be the effect of his amendment. For example, a country which was neutral, which did not share our views, at least which did not side with us, as many of our small African nations do not, would the gentleman's amendment preclude any aid to them?

Mr. FINDLEY. If the gentleman will yield, I am afraid that words such as would still remain in this section would be open to wide interpretation. I do not presume to judge what the interpretation of the State Department would be. But my own interpretation would be that it would be clearly limited to countries which share the U.S. view on the world crisis. I would certainly hope there are some such countries in Africa, but if there are none, then it would certainly exclude Africa.

Mr. HAYS. I am not so much interested in the gentleman's interpretation of what the State Department would do as I am the gentleman's interpretation of his own amendment. Would it be the intent of the gentleman—and I am not trying to harass the gentleman, I am just trying to get some clarification here—would it be the gentleman's intent if the gentleman's amendment were adopted, shall we say, to prohibit India from getting any aid at all under this bill?

Mr. FINDLEY. My own opinion is that my amendment would make India's qualification very dubious. I tried to express it clearly when I said this amendment would have the effect of expressing the intention of Congress for withholding aid from countries which are not with us in spirit in this great world crisis.

Mr. HAYS. I thank the gentleman. I think, if this is the intent of the amendment, then it is pretty clear that if we want to have a foreign aid bill with any flexibility whatever in it, this amendment should be defeated.

Mr. Chairman, I will say very frankly that I was going to reserve this little speech until perhaps an amendment came up on India. It is my opinion that the Indians have exhausted their reservoir of good will in this country. When I was a small boy I remember that when we took contributions to church on Sunday we took one for the church and we took one for India. India was a nation that everybody in the United States wanted to help. But after 10 years of the evil visage of Krishna Menon on television and in the U.N. in New York, I think it is fair to serve notice on the Indian nation that that reservoir of good will has been drained off.

On the other hand, Mr. Chairman, I do not want to be a part and parcel of any amendment or any legislation which, if the Chinese Communists attack India, would prohibit us from giving them any aid. I might not like some of the things the Government of India has done. In fact, I will say, frankly, I do not. But if the chips are down and if it came to a choice between Mr. Nehru's government and the government in Peiping, I think I could beyond any doubt turn my sentiments to India.

Mr. Chairman, I would like to see an amendment riveted into this bill in the very beginning which would not prohibit us from coming to the assistance of India if it were in our self-interest, and I think it would be in that case.

Mr. FINDLEY. Mr. Chairman, if the gentleman will yield further, in that instance certainly the world crisis would center on the military action against India and we would then, I hope, share the policy of India in resisting aggression on the part of the Chinese Communists. So, I am sure my amendment would not preclude such assistance.

Mr. HAYS. Then, we are transposing language. As I understood the gentleman in the beginning they had to share our views. Now the gentleman is talkink about us sharing their views.

Mr. Chairman, I think this provision further illustrates how confusing it can be to try to write the intent of Congress as to language on the floor of the House. Frankly, I thought it was rather confusing to try to write it in the committee. A good many of these amendments which were offered have undertaken to express on the part of somebody their intent for doing something or other.

Mr. Chairman, I have brought this up not necessarily because I was in basic disagreement with what the gentleman is trying to do, but I am in disagreement with the language which has confused the issue.

Mr. FRELINGHUYSEN. Mr. Chairman, will the gentleman yield?

Mr. HAYS. I yield to the gentleman from New Jersey.

Mr. FRELINGHUYSEN. I think this discussion has indicated the difficulty of discussing in a brief period language such as we are now considering. One of the problems, for example, is: What is the meaning of the expression regarding the view of the United States on the world crisis? Is it that the crisis is serious? Is that enough to make a country eligible to qualify for assistance? It is my opinion that the fuzziness of that expression as presently contained in the bill is not going to be corrected by the language offered by the gentleman from Illinois. That language, I might add, I think is objectionable.

Mr. HAYS. Mr. Chairman, I ask unanimous consent to proceed for 1 additional minute.

The CHAIRMAN. Is there objection to the request of the gentleman from Ohio?

There was no objection.

Mr. HAYS. Mr. Chairman, I agree with the gentleman from New Jersey. As a matter of fact the language in the bill now is fairly fuzzy but when you say consideration shall be given to fuzzy language, that is one thing.

But when you say "consideration shall be limited to fuzzy language," then I think you are really compounding the error.

Mr. EDMONDSON. Mr. Chairman, will the gentleman yield?

Mr. HAYS. I yield to the gentleman from Oklahoma.

Mr. EDMONDSON. Would not the gentleman agree if this amendment is adopted, however good its motives may be, it would make it impossible to move into an area where you have an undecided nation to give help to them and try to bring them over to our side?

Mr. HAYS. That would be the effect of it, and for that reason I find myself in opposition to the amendment.

The CHAIRMAN. The question is on the amendment offered by the gentleman from Illinois [Mr. FINDLEY].

The question was taken; and on a division (demanded by Mr. FINDLEY) there were; ayes 66, noes 92.

So the amendment was rejected.

The Clerk read as follows:

CHAPTER 2—DEVELOPMENT ASSISTANCE

TITLE I—DEVELOPMENT LOAN FUND

SEC. 103. The second sentence of section 201(b) of the Foreign Assistance Act of 1961, as amended, which relates to considerations to be taken into account in making loans from the development loan fund, is amended as follows:

(a) Strike out clauses (1) and (2) and insert in lieu thereof the following: "(1) whether financing could be obtained in whole or in part from other free-world sources on reasonable terms, including private sources within the United States, (2) the economic and technical soundness of the activity to be financed, including the capacity of the recipient country to repay the loan at a reasonable rate of interest,".

(b) Strike out "and" at the end of clause (5).

(c) Insert immediately before the period at the end of such second sentence the following: ", and (7) the economic development plans of the requesting country, which plans should specifically provide for appropriate participation by private enterprise and include an analysis of current human and material resources, together with a projection of the ultimate objectives of the plans with respect to the overall economic development of such country".

AMENDMENT OFFERED BY MR. ADAIR

Mr. ADAIR. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. ADAIR: Page 5, immediately after line 4, insert the following:

"SEC. 104. Section 202(a) of the Foreign Assistance Act of 1961, as amended, which relates to authorizations for the Development Loan Fund, is amended by inserting immediately before the period at the end thereof the following: ': *Provided further*, That, in order to effectuate the purposes and provisions of sections 102, 201, 601, and 602 of this Act, not less than 50 per centum of the funds appropriated pursuant to this subsection for the fiscal years ending June 30, 1965, and June 30, 1966, respectively, shall be available only for loans made for purposes of economic development through private enterprise'."

And renumber the following sections accordingly.

Mr. ADAIR. Mr. Chairman, reference was made earlier this afternoon to the fact that those of us who are in favor of increased private enterprise participation in this program have made efforts to write amendments to further that aim in this bill. A number of such amendments, and some of these have been referred to earlier, have been written into the bill and I think have strengthened and improved it.

The amendment which I present to you at this time provides, quite simply stated, that 50 percent of the development loan funds should be used for the purposes of private enterprise. This is an effort to increase the participation of private enterprise in this program.

Witness after witness before the committee testified that if the program is to be successful it must have a large and increasing amount of participation by the private sector in it. It was pointed out particularly with reference to the Alliance for Progress that if our programs in Latin America are to do the things which it is hoped they may do, then they must rely to a great extent upon the participation of private enterprise.

Members of the committee will notice that this amendment is somewhat different from the form in which it was when I offered a similar one to the committee. It now applies to the fiscal years ending June 30, 1965, and June 30, 1966. In other words, I have made it applicable a year later than the proposal made in the committee.

If this amendment is adopted it simply says to the AID Administrator and those who work with him that 50 percent of the development loan funds, wherever used in the world, must be channeled to private enterprise. It does not say U.S. private enterprise. So it could be private enterprise from this country, to our own businessmen going here and there throughout the world to develop businesses and to bring prosperity and increased employment with them. But it could also be local private enterprise in the countries in which the loans are made, or it could be a combination of both.

Some will say, "Well, you are not giving flexibility enough to the Administrator, if you say you must put 50 percent of these loan funds in private enterprise." It is not even necessary that 50 percent of the loans to each country be on the basis of private enterprise. It can be on the broadest possible basis. It could be as to the program as a whole.

So I do feel that we are giving a completely adequate amount of flexibility to the AID organization in this amendment. We do say that we believe in the private enterprise system, that we know as a result of the testimony of virtually every witness who spoke upon this point that if the AID program is to succeed it must have this large ingredient of private enterprise. We are saying, "Upon the broadest possible basis, Mr. Administrator, see to it that half the funds find themselves used on the basis of private enterprise."

This amendment does not affect the World Bank or the Eximbank or Cooley loans or anything of that sort. It applies simply to development loans under this act.

Mr. FASCELL. Mr. Chairman, will the gentleman yield?

Mr. ADAIR. I yield to the gentleman.

Mr. FASCELL. Is it not true that when the gentleman offered this amendment in committee and it was up for discussion that the gentleman admitted, as he probably will now, I am sure, that a great part of our funds now go through private enterprise? In other words, the gentleman's amendment in no way should be interpreted as a statement that we do not now sufficiently put our aid funds through private enterprise.

Mr. ADAIR. What the gentleman says is correct. There is a substantial portion of our development loan money channeled through private enterprise. The exact amount we are unable to find out. Inquiry was made.

The CHAIRMAN. The time of the gentleman has expired.

Mr. ADAIR. Mr. Chairman, I ask unanimous consent to proceed for 3 additional minutes.

The CHAIRMAN. Is there objection to the request of the gentleman from Indiana?

There was no objection.

Mr. ADAIR. In further answer to the question the gentleman raised, the AID Administrator, Mr. Bell, himself, said that it was his philosophy that increasingly this type of loan should be made.

Mr. FASCELL. If I may ask the gentleman one further question very briefly. Is it not true, the only point at difference was the question of flexibility? In other words, whether or not this criteria should actually be written into the law, notwithstanding the fact that the main thrust of the program seems to be toward increasing our efforts through private enterprises.

Mr. ADAIR. The gentleman is correct. As I pointed out, I have revised my proposal, trying to meet that objection, and I am trying to make it clear here today that it now offers great flexibility.

Mr. MAILLIARD. Mr. Chairman, will the gentleman yield?

Mr. ADAIR. I yield to the gentleman from California.

Mr. MAILLIARD. I am curious to know—it was difficult to hear the reading of the amendment in detail—does this mean 50 percent of the development loan funds must be made directly to private enterprise?

Mr. ADAIR. Not necessarily. They may be made through existing organizations. For example, if a lending institution in a Latin American country had AID funds which it then wanted to place in the hands of a private organization to build housing, that, in my opinion, would be a private enterprise use.

Mr. MAILLIARD. Suppose, just for example, some country was required to build a highway; would your amendment be satisfied if we lend the government the money and the government put it out to private enterprise to bid?

Mr. ADAIR. In my opinion, it would—if, however, the government itself builds the highway, and it would have to use a percentage of the loan funds available for that purpose, then it would not meet the requirement of my amendment. I am glad the gentleman is making these points because I am trying to point out it has the broadest and most flexible application.

Mr. MAILLIARD. I wish I could share the gentleman's certainty that the wording of his amendment has that effect. I am not at all sure it does.

Mr. ADAIR. If the gentleman will read carefully the amendment, he will find a lack of restrictiveness in it.

Mr. FRELINGHUYSEN. Mr. Chairman, will the gentleman yield?

Mr. ADAIR. I yield to the gentleman.

Mr. FRELINGHUYSEN. The language worries me. The expression, as I understand it, is that loans must be made through private enterprise?

Mr. ADAIR. No, not through private enterprise.

Mr. FRELINGHUYSEN. Again, I do not know what the language means. The amendment offered in committee was with reference to loans made through private enterprise.

Mr. ADAIR. No—the language is, "shall be available only for loans made for purposes of economic development through private enterprise."

Mr. FRELINGHUYSEN. I am not sure what the language means. The gentleman uses the expressions "channel through private enterprise" and "for purposes of private enterprise." Of course, I assume we are all very much in favor of private enterprise, but many of these expenditures might benefit private enterprise if they went for a public purpose such as building a highway.

The CHAIRMAN. The time of the gentleman has expired.

Mr. MORGAN. Mr. Chairman, I rise in opposition to the amendment.

Mr. Chairman, this amendment is subject to different interpretations. If it means that 50 percent of the loans must be made directly to private enterprise, there are many situations where private enterprise would get more benefit if such loans were made to provide roads, power, and other basic requirements of private industry.

Mr. ADAIR. Mr. Chairman, will the gentleman yield?

Mr. MORGAN. Yes, I yield.

Mr. ADAIR. Did I understand the gentleman to say that he read the amendment to say that the loans had to be made directly?

Mr. MORGAN. I raised a question as to what the amendment did mean.

Mr. ADAIR. I will assure the gentleman it does not mean that. The end use is the important thing.

Mr. MORGAN. In undeveloped countries we have frequently financed highway construction and railroad improvements, waterworks and sanitation projects, which were beneficial to private enterprise.

Mr. ADAIR. Will the gentleman yield at that point?

Mr. MORGAN. Yes.

Mr. ADAIR. I am aware of the fact that there is need for these facilities that the gentleman refers to. The AID people, I believe, use the term "infrastructure" with respect to it. However, I point out again if my amendment is adopted, there is still 50 percent available for these purposes.

Mr. MORGAN. As the gentleman is well aware, the Subcommittee on Mutual Security conducted a staff survey in Korea several years ago where we found a number of private enterprises which have received U.S. aid, that were bogged down because power transmission lines were inadequate. We had provided the means to finance the construction and operation of their plants, but they still could not get going. There are many cases where an undeveloped country does not have any private capital. I am not sure how the gentleman's amendment would operate. The gentleman will remember his colloquy with

Mr. Teeter from the U.S. Chamber of Commerce during the hearings. The gentleman from Indiana [Mr. Adair] asked Mr. Teeter about the chamber's position on the 50-50 free enterprise amendment. Mr. Adair said:

> There is a provision for channeling 50 percent of loan funds and Alliance for Progress funds to private enterprise.
>
> Would you give us your comments and reaction?
>
> Mr. Teeter. Yes, sir, I would.
>
> I am afraid that I cannot fully agree with you in stating the chamber's position on this. We feel that it is too rigid to have such a stipulated requirement as 50-50. I think it is admirable that we work toward a goal. Certainly the goal would be even greater than the 50-percent figure for the private sector, that you are now proposing.
>
> I think perhaps it would be somewhat premature or inflexible to insist on the 50-50.
>
> Mr. Adair. You think the figure may be too great?
>
> Mr. Teeter. Yes.

Mr. ADAIR. Mr. Chairman, will the gentleman yield?

Mr. MORGAN. Yes.

Mr. ADAIR. In an effort to meet this charge of inflexibility I would point out that we did move the effective date forward a year to give additional time for preparation. So I think we are meeting the objection of Mr. Teeter. I believe we ought to move in this direction and we are giving an additional year for us to prepare so to move.

Mr. MORGAN. I do not think that this premature baby is going to grow up in 1 year.

Mr. ADAIR. I will agree with the gentleman, if he will yield, this is certainly not a cure-all to all of the problems involved in this portion of the bill, but it is a proper and necessary step, I think, in the direction of achieving the things which I take it most of us in this Chamber desire to achieve.

Mr. MORGAN. I yield to the gentleman from Connecticut [Mr. Monagan].

Mr. MONAGAN. I want to ask whether or not, in addition to the investment guarantee program that is certainly in support of private enterprise, if that is not presently in the law in section 601, where the specific section is dedicated to the encouragement of free enterprise and private participation, which includes certain standards that the President had to take into consideration in administering this program. All of us are in support of extending private enterprise under this act.

Mr. MORGAN. Besides that, the AID administration has been reorganized to give greater emphasis to private enterprise.

Mr. Chairman, I ask that the amendment be defeated.

The CHAIRMAN. The question is on the amendment offered by the gentleman from Indiana.

The question was taken; and on a division (demanded by Mr. Adair) there were—ayes 89, noes 100.

Mr. ADAIR. Mr. Chairman, I demand tellers.

Tellers were ordered, and the Chairman appointed as tellers Mr. Adair and Mr. Morgan.

The Committee again divided, and the tellers reported that there were—ayes 142, noes 126.

So the amendment was agreed to.

AMENDMENT OFFERED BY MR. DERWINSKI

Mr. DERWINSKI. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

> Amendment offered by Mr. Derwinski: Page 5, after line 4, insert the following:
>
> "Sec. 104. Section 201(d) of the Foreign Assistance Act of 1961, as amended, which relates to interest rates on development loans, is amended by inserting immediately after 'in no event' the following: 'less than 2 per centum per annum nor'."
>
> And renumber the following sections accordingly.

Mr. DERWINSKI. Mr. Chairman, this amendment raises the interest rate on development loans to a minimum of 2 percent per annum.

Since gradual emphasis on the aid program has been from grants to loans, the interest rate of three-fourths of 1 percent on development loans is becoming increasingly common. My amendment would raise this ridiculously low rate to 2 percent. In view of the rising short-term interest rate in the United States, the naturally increasing national debt, and concern in the Congress over the stability of the dollar, my amendment would produce substantial savings to the United States, and merits the support of the House.

Last week, when we had under consideration H.R. 6143—the Higher Education Facilities Act—I deliberately offered an amendment lowering the interest rate called for in that bill from one-fourth of 1 percent above the cost of money to the Treasury, to 2 percent. As I expected, the amendment was defeated by a vote of 97 to 9, Members raising objections to the 2-percent rate is "impractical, too low, additional burden to the taxpayer," and so forth. We all consider consistency one of our great virtues. Therefore, to be consistent with this legislative record, my amendment deserves support.

Certainly, if we are practical enough to charge American educational institutions a rate that is not less than a per annum rate that is one-quarter of 1 percentage point above the average annual interest rate on all interest-bearing obligations of the United States, consistency would dictate that foreign nations—friend, neutral or foe, democracy or dictatorship—pay at least 2 percent on loans provided through the courtesy of the American taxpayer.

Just yesterday all Members should have received a press release from the Agency for International Development, indicating that loans for $3 million have been supplied Chile at a rate of three-fourths of 1 percent; $6.5 million to Tunisia at the same rate, and $7.2 million to Bolivia.

In the fourth quarter of fiscal 1963, loans totaling $587 million at rates below 2 percent were authorized. Using the figures for that quarter alone, my amendment would save the American taxpayers $7½ million a year.

However, I am also concerned with the fact that loans at such readily low rates really could not qualify for a description as a loan. They are, in effect, disguised grants and as such, the entire program is an insult to the intelligence of the American public and to fiscal commonsense.

If the program is to be a legitimate loan program, a reasonably responsible rate of return is called for. Certainly, 2 percent is not an abnormal sum.

As I have indicated to you, the House last week set a rate of one-fourth of 1 percent above the cost of money to the Treasury in the Higher Education Facilities Act; REA co-ops have been qualified at a 2-percent rate; U.S. veterans drawing direct loans from the Federal Government must pay a rate of 5¼ percent. In the housing bill of 1961, cooperatives and other not-for-profit groups qualify under a special program at a rate of 3⅛ percent. FHA loans guaranteed by the Federal Government cost the American homeowner 5¼ percent.

The very least the Congress deserves is to have the program presented honestly. If it is to be a grant program, honestly call it that. If it is to be a loan program, an interest rate of 2 percent should be an acceptable figure.

Mr. Chairman, to repeat, my amendment would set a minimum interest rate of 2 percent per annum on the Development Loan Fund. The motivation for the amendment is the fact that at the present time approximately 70 percent of the loans from the Development Fund have been granted at the rate of three-fourths of 1 percent and most in addition bear a 10-year grace period.

Yesterday all of us received from the Agency for International Development three of their standard press releases, informing you of the loans that were recently made. One, for example, was to the Government of Bolivia for a grand total of $7.2 million, bearing a credit fee of three-fourths of 1 percent with a 10-year grace period. Also a loan for the purchase of tractors in Tunisia with an annual credit fee of three-fourths of 1 percent totaling some $6.5 million. Then there was a new loan recently granted to Chile for a total of $3.5 million with a 10-year grace period and a credit fee of three-fourths of 1 percent.

In the last 3 months of fiscal year 1963 approximately $585 million were processed in loans at the rate of three-quarters of 1 percent, most also with the 10-year grace period. I do not quarrel with the 10-year grace period, but I do feel an interest rate of 2 percent might be applicable.

If it is the intention that this be a loan program, I submit that 2 percent is a most reasonable and practical rate. If this is to be a grant program, let us call it a grant program. Let us not disguise the fact by talking about fees or credit fees or interest of three-fourths of 1 percent. Let us say it is a grant. But if it is a loan program, I think the very least we could do is to set this rate at 2 percent.

I can well imagine some people objecting on the ground that the rate should be the going cost to our Treasury.

Some people urge a 3- or 4-percent rate. I do not feel my 2-percent rate as such has any magic to it except the principle should be set forth that we should have at least a rate of interest that would qualify these loans for a legitimate description as loans. If not, call it a grant program.

Let me say in anticipation of objections that this amendment is offered with the intention of helping the bill, helping the program. I do not think it qualifies, and I say this in advance, for a charge of an attempt to gut the bill.

Mr. McLOSKEY. Mr. Chairman, will the gentleman yield?

Mr. DERWINSKI. I yield to the gentleman from Illinois.

Mr. McLOSKEY. I am intrigued by this credit fee. Actually, are we not just kidding ourselves when we call this a loan? In my opinion, this is just a subterfuge. It is not a loan.

Mr. DERWINSKI. If the gentleman will permit a comment I did not wish to make, I would not be surprised if the party responsible at the Agency for International Development who wrote this release to which I refer is either in violation of the law or in ignorance of the law. The present law requires that the rate of interest charged be not excessive or unreasonable. But it is presumed that it will be an interest rate. Yet the press releases which I referred to distinctly say "an annual credit fee," which I am not so sure is a play on words, but at least might indicate to me that a 2-percent interest rate would be far more reasonable, practical, and worthy of acceptance and support by the House at this time.

Mr. HAYS. Mr. Chairman, I rise in opposition to the amendment.

Mr. Chairman, I think this amendment goes right to the crux of the whole foreign aid bill. The disposition of this amendment may well determine the future course of foreign aid.

I have been one, and there have been many voices raised in this Congress, who has said, "Let us try to put this on a repayable basis." I said that in the previous administration, and they made the attempt. But you cannot charge more than a country can pay. The effect of the gentleman's amendment, if it were agreed to, would be to drive this back to a straight grant program.

How are you going to charge a going rate of interest to a Bolivian peasant who has never had any land before, to sell him a tractor? If we are trying to bring these people into an area where they can have a standard of living where communism will not appeal to them, then we have to use some extraordinary methods. You cannot charge the same rate of interest that you can charge to a fellow who finances 50 percent of the cost of a new Cadillac. I admit it is an appealing argument to say we are letting them have this at far below the cost of money, but this is a program designed to help these nations carry on their fight to resist communism.

And if it is not that, then we ought to scuttle the whole program. We ought not try to do it by halfway measures. I think the acid test of some of these loans is that some of them are being repaid. Therefore, they are loans. I have been critical in the past of loans that were really grants, and I think all of us on the committee are realistic enough to know that some of these may turn out to be grants. But if you are going to make them with a realistic idea, and hopefully, that they can be repaid, and if you are doing this to help a country fight communism, then you cannot do it on the same basis on which you make loans for going enterprises and industrial businesses. I think this is a very fundamental amendment. I think if it passes, the net result, as I said before, simply will be to put this back on a straight grant basis. It will be a step backward. I hope the amendment will be defeated.

The CHAIRMAN. The time of the gentleman has expired.

Mr. FRELINGHUYSEN. Mr. Chairman, I move to strike out the last word.

Mr. Chairman, I would like to back up what the gentleman from Ohio said. Of course the gentleman from Illinois unquestionably does not intend to gut the bill. But if we should adopt this proposal, this loan program would certainly be ineffective in a great many countries that lack the capacity to repay at any significant rate of interest. I might say that the difference to this country would be very small.

The reason why we are lending this money at low rates of interest is because projects which are being built with the money provided produce small revenues, and the recipient countries are not in a position to support anything more. This may be a reasonable proposition from our point of view, but it would not be practicable from the point of view of the recipient countries. We have to recognize that this would be a very damaging direction in which to move.

In that connection, I would like to quote from the Clay report on this problem. They point out on page 14 of the report, the necessity of other countries which lend money to liberalize their rates. They point out that Italy should liberalize her terms of lending, that the United Kingdom should lower her interest rates, that Germany should soften its terms, and that France should soften its aid terms.

> The importance of improving loan terms—

And I quote—

> including maturities, interest rates, and grace periods is particularly apparent in the case of those nations undertaking comprehensive development programs. Unless the lending terms to other countries improve greatly.

That means unless the terms are made more liberal, not made higher.

> and approach U.S. terms, international consortia and coordinating groups for such countries as India, Pakistan, Turkey, and Nigeria will saddle those countries with impossible debt service requirements, and U.S. funds would pay for these short term and shortsighted debts.

It is for this reason, Mr. Chairman, that in 1961 we deliberately set the rates at low interest. We did not desire to saddle these new countries, these countries in need of development assistance, but not having the financial resources within themselves, with heavy debt service burdens. They should qualify for this assistance.

Mr. DERWINSKI. Mr. Chairman, will the gentleman yield?

Mr. FRELINGHUYSEN. I am glad to yield to the gentleman.

Mr. DERWINSKI. I know the gentleman from New Jersey attempts to be fair in the presentation of all arguments. I would like to point out to the gentleman, first of all, these loans are loans made directly to a government that then relends them at a higher rate. Furthermore, the Clay Committee section that the gentleman just read substantiates my argument because it does not say that these other countries shall lower their rates to the low level that we provide, but merely that they liberalize their terms, which in the case of West Germany especially, the rates run as high as 5½ percent on some of their loans and in the case of the United Kingdom it is a consistently high rate. We would be rising to meet the recommendations of the Clay Committee. May I take 1 more second of the gentleman's time to correct some misinformation which the gentleman from Ohio did not mean to leave.

This rate of three-quarters of 1 percent is not available to any poor Bolivian peasant. This rate is available to the Government of Bolivia or any other country. They relend it to the people. A Bolivian peasant drawing a loan from his Government will be paying in the neighborhood of 10 percent.

Mr. FRELINGHUYSEN. I might say regarding the interest rate on loans we make to foreign governments, that the relending institutions which receive this money from those governments will in turn have to demand increased amounts from local borrowers, such as a small business in Bolivia or housing projects or whatever. The cost that would be demanded by us will be reflected all the way down to the small businessman or farmer or whoever else might benefit. So in effect we would be very effectively gutting this development loan program if we should increase the rate.

The gentleman's amendment recognizes the necessity for a subsidy. He is not getting away from the fact that in these cases at least a subsidy is a desirable thing. In my opinion liberal interest rates are absolutely essential if we are to provide aid to developing countries. This applies both to this country and to Allied countries capable of making loans.

Mr. MORGAN. Mr. Chairman, I rise in opposition to the amendment.

I want to emphasize what the gentleman from Ohio said. During the period 1948 to 1952 I would estimate that approximately 80 percent of the Marshall plan funds were grants. From 1952 on until 1957 until the Development Loan Fund came into being, again as I remember it approximately 75 percent of the economic aid was in grants. The past administration under then Secretary of State John Foster Dulles began to transform from a grant program to a loan program. They came up here with a development loan program with loans repayable in both dollars and soft currency and the President had the same discretion as to interest rate that he has in the present act. When we rewrote the Mutual Security Act of 1961, we stated that all development loans should be repayable in dollars and gave the President flexibility as to setting the interest rate.

Somebody a moment ago questioned whether all of these loans are really loans or whether they are grants. I want to say that in the fiscal year 1962–63 over $397 million has been repayed in principal and interest on development loans. This is a good loan program. It is a sound loan program. Let us not lose sight of the basic reason, why we make loans at a low interest rate. We are trying to help some of these undeveloped countries move along the road to economic stability. We are trying to keep international communism out of their countries. That is the purpose of this loan program. These undeveloped countries with no capital at all are attempting to build schools, roads, and such installations. It will take them a long time to do this unless we do have a low interest rate. If we adopt the amendment of the gentleman from Illinois, it would not bring in a great amount of return in money compared to the magnitude of the expenditures which we make under this program.

I think we have to look at the basic reason why we have a development loan program. A basic purpose of the foreign aid program is to help the undeveloped world.

I ask that the amendment be defeated.

Mr. COLLIER. Mr. Chairman, I move to strike the requisite number of words.

Mr. DERWINSKI. Mr. Chairman, will the gentleman yield?

Mr. COLLIER. I yield to my colleague from Illinois.

Mr. DERWINSKI. Permit me to make one comment before the gentleman from Illinois [Mr. COLLIER] directs himself to this amendment. I would like to indicate to the chairman of the committee that from all of the figures which I have available—I am not sure I have all of the figures available on which to base the calculation—the annual saving itself from this increase in interest rates from three-quarters of 1 percent to 2 percent a year would be approximately $13 million a year. This is not taking into account any future loans we make in coming years at a more realistic rate.

Mr. COLLIER. Mr. Chairman, I am not convinced that the amendment should embrace a set interest figure, but for the purpose of gathering light out of darkness in this discussion perhaps someone on the committee would tell me if they would support an amendment which would restrict the interest rate, which is charged by the Government to the poor peasant to buy a tractor, to the same interest rate which we are charging them on the loan.

Mr. GALLAGHER. Mr. Chairman, will the gentleman yield?

Mr. COLLIER. I am happy to yield.

Mr. GALLAGHER. The problem there is that our loans are repayable by the participating government in our dollars, whereas the loan that they may be making to the poor peasant would be in the currency of that country. Therefore, the risk to them is a lot less than it would be to us. Our return is in hard dollars; theirs is not in hard dollars.

Mr. COLLIER. In the light of that explanation, will the gentleman tell me this——

Mr. HAYS. Mr. Chairman, will the gentleman yield to me?

Mr. COLLIER. I yield to the gentleman from Ohio.

Mr. HAYS. Mr. Chairman, I think the gentleman from New Jersey meant to say that the risk to them would be greater; he said it would be less.

Mr. GALLAGHER. That is correct. The risk to them is far greater on those private loans by the country to the peasant than the risk to us on the hard-dollar loans.

Mr. COLLIER. In the light of that explanation, am I to assume that these nations at no time charge interest to gouge the borrower in those countries? Or does he feel that the interest rate established by these countries is a fair rate designed to provide the economic stimulus that it is hoped to provide?

Mr. GALLAGHER. It is far lower than the normal bank loan, because these countries are not trying to gouge their own people as some bankers would do on the same type of loans.

Mr. BARRY. Mr. Chairman, will the gentleman yield?

Mr. COLLIER. I yield to the gentleman from New York.

Mr. BARRY. Mr. Chairman, I think the gentleman is going in the right direction though his concern over interest rates charged by foreign Governments on relending our funds. Much has been done by recipient country Development Banks set up by the AID in getting interest rates reduced as a matter of banking policy. We do not want to set up a government bank in a country to go in competition with loans of private enterprise banks. Accordingly, the gentleman is suggesting we should put a limitation on the interest rate that could be charged by a Development Bank which our AID sets up which would undercut the money rates within a recipient country.

Mr. COLLIER. Did the gentleman say that we have some reservation about competing with private banks and private enterprise? If so, that is a new twist.

Mr. BARRY. If you set an interest rate for lending money in a country under the Foreign Assistance Act, you might then undercut private enterprise in the recipient country.

Mr. COLLIER. Are we being concerned now with undercutting private enterprise?

Mr. BARRY. It has been the policy of the AID, through the Development Banks to try to get interest rates low in recipient countries. We try in many ways to bring this about.

Policy is one thing, but to write it into law would create a conflict with private enterprise. If you set up a greatly lower money rate than currently prevails, you would drive out private bankers all over South America. That is what the amendment would do.

Mr. COLLIER. I am not convinced that that would in fact be a result of the amendment. But there was concern expressed that a high interest rate would make it difficult for these countries to repay. The fact of the matter is they do not and will not make repayment.

The CHAIRMAN. The time of the gentleman from Illinois [Mr. COLLIER] has expired.

Mr. GROSS. Mr. Chairman, I move to strike the requisite number of words.

Mr. Chairman, I rise in support of this amendment, although I certainly think the interest rate on these so-called loans to foreigners ought to be 3½ or 4 percent instead of 2 percent.

Now, it has been said that foreign countries cannot pay a higher rate. Well, the British are loaning some of them money at a much higher rate. The British rate, although I do not have the figures here, they are available in the committee——

Mr. BARRY. Mr. Chairman, will the gentleman yield?

Mr. GROSS. No, not at this time. Just let me have a minute or two, if you will.

The British are loaning at what rate? Four or five percent, and if there is any appreciable risk involved they add a half to 1 percent premium on the interest rate. They are loaning to some of the countries to which we are putting out these 40- and 50-year loans bearing no interest.

Mr. Chairman, what are the Japanese charging? Those of the majority of the committee who oppose this amendment know because they had the figures before the committee. The Japanese are charging up to between 5 and 6 percent. Yet, some of you do not want to put a floor of 2 percent on American loans. Some Members of the House were perfectly willing to fix an interest rate in the education bill the other day of—I ask the gentleman from Illinois [Mr. DERWINSKI], What was the interest rate in the education legislation the other day?

Mr. DERWINSKI. If the gentleman will yield, one-fourth of 1 percent greater than the present cost of financing our debt in the Treasury.

Mr. GROSS. Which is 3½ or 4 percent these days—mostly 4 percent. And, yet you do not want to put even a paltry 2 percent on the millions which you are dishing out with the greatest of abandon to these countries in 40- and 50-year loans. Incidentally, on these loans, the first 10 years is a grace period during which nothing is paid, neither on the principal nor interest. I ask anyone to correct me if I am wrong. There is a three-quarters of 1 percent carrying charge but no payment on the principal and interest in the first 10 years. The second 10 years, on a 50-year loan, the carrying charge and a 1 percent repayment on the principal. In the last 30 years there is an annual 3-percent payment on the principal. Never in the history of the 50-year loan is there one stinking penny of interest paid. Only a three-quarters of 1 percent carrying charge. That is all.

Mr. BARRY. Mr. Chairman, will the gentleman now yield?

Mr. GROSS. No, I do not yield to the gentleman.

You say these soft loans will be repaid. How in the world do you know whether this money is going to be repaid at all on the 40- and 50-year loans which have been made in the last few years? The only person who is going to know—I hope to be around here—but the only persons who are going to know whether they are paid or not will be those who are alive 40 or 50 years from now. But you and I know they are not going to be repaid, these soft loans that are being dished out all over the world.

Mr. Chairman, the least we can do is put a floor under them of 2 percent. It should be 3½ percent or 4 percent. But there ought to be a minimum of 3½ percent. Let us put this 2-percent floor under these loans and then come back next year and raise it to 3½ percent or 4 percent and take it right on up to what the taxpayers pay for money borrowed by the United States.

Mr. Chairman, that is the only thing to do.

Mr. FARBSTEIN. Mr. Chairman, I move to strike the requisite number of words.

Mr. Chairman, I would not get so worked up if I were the gentleman.

Mr. GROSS. Why not?

Mr. FARBSTEIN. Because I remember when the gentleman was on the floor here talking against giveaways, we were hearing "You are giving away this and you are giving away that." It seems as though the gentleman is never satisfied. We have stopped giving away. We are now lending. I think that the gentleman ought to be satisfied. I do not think that the gentleman wants to be known as a Shylock.

It must be remembered that this money is being lent to impoverished and to underdeveloped countries. These people have not got the interest to pay and I believe three-fourths of 1 percent is ample in the circumstances. It is tough enough for them to get the money with which they can purchase food. The fact is that the money is going to be returned if not today then next year or the year after. But there is an obligation. These people signed an agreement that they will return this money. I think the entire purpose of the legislation would be defeated, as has been stated earlier by the gentleman from Ohio, if we take the position that we are going to insist on a greater rate of interest together with principal.

This is a very unfair amendment, and should be defeated.

Mr. MORSE. Mr. Chairman, I move to strike the requisite number of words.

Mr. Chairman, I am not adverse to saving money in this bill, and in a few minutes I am going to give the Members an opportunity to reduce this authorization by several hundred million dollars. But this particular provision which, according to the testimony of the proponents, would involve some $13 to $15 million, misses the entire point of the bill. The purpose of this program is to advance the national interest and security of the United States of America. It is not to make money.

It seems to me if there is an Administrator of AID who extends a loan on the basis of any other consideration there is a constitutional proceeding which can be instituted in this body to correct the situation.

It has been stated here that these loans are not in fact loans. I believe that they will be repaid. But if we destroy the loan provision in this act, and I fear that the amendment offered by the gentleman from Illinois would have that effect, we will necessarily have to rely to a far greater extent on development grants, and there is considerable sentiment in this body against the modest grant program that now exists in the bill.

I hope the amendment will be defeated.

The CHAIRMAN. The question is on the amendment offered by the gentleman from Illinois [Mr. DERWINSKI].

The question was taken; and the Chair being in doubt, the Committee divided, and there were—ayes 113, noes 123.

Mr. DERWINSKI. Mr. Chairman, I demand tellers.

Tellers were ordered, and the Chairman appointed as tellers Mr. DERWINSKI and Mr. MONAGAN.

The Committee again divided, and the tellers reported that there were—ayes 167, noes 143.

So the amendment was agreed to.

AMENDMENT OFFERED BY MR. PELLY

Mr. PELLY. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. PELLY: On page 5, immediately after line 4, insert the following:

"SEC. 104. Section 203 of the Foreign Assistance Act of 1961, as amended, which relates to fiscal provisions concerning the Development Loan Fund, is hereby repealed."

And renumber the following sections accordingly.

Mr. PELLY. Mr. Chairman, the Foreign Assistance Act of 1961, as amended, part 1, Chapter 2: Development Assistance, section 203, reads as follows:

> Fiscal provisions: All receipts from loans made under and in accordance with this title shall be available for use for the purposes of this title. Such receipts and other funds made available under this title for use for the purposes of this title shall remain available until expended.

What this section 203 does is authorize reloaning of funds without reappropriation. It is one of the devices known as back-door spending.

Assume, if you will, that out of properly appropriated funds a 40-year development loan is made and repayments of principal and interest in due course are received. Under authority of section 203 these payments as received can be reloaned. Thus, we have an endless authority. Thirty years from now the Agency could be loaning for 40 years more and so on ad infinitum. No annual revaluation and justification would be required before the Committees on Appropriations. My amendment would require the usual appropriation before receipts could be reloaned.

I urge support of my amendment. Let us get this program on a fiscally and constitutionally sound basis.

Mr. FARBSTEIN. Mr. Chairman, I rise in opposition to the amendment.

A moment ago we heard the story that the loans that we have been making are not going to be returned. You heard the statement made in the form of a complaint that these are grants. Well, if they are grants, what are you worried about? On the other hand, if they are loans of 40 or 50 years' duration, we will not be here to worry about whether they are being loaned again. At least I will not. I do not expect to, at any rate.

Mr. GROSS. Mr. Chairman, will the gentleman yield?

Mr. FARBSTEIN. Surely.

Mr. GROSS. I have some children and grandchildren who would be interested in what you do here today.

Mr. FARBSTEIN. Well, I am certain that their hearts would not be quite so steely that they would refuse to aid the poor, the underprivileged children in underdeveloped countries that are unable to get food, milk, clothing, and housing, and that is the purpose and the basis for this entire legislation. What are you going to do? Do you want to destroy the legislation altogether? If that is your purpose, there is nothing for me to say. On the other hand, if you intend that this program shall have any effect, if you intend that this program shall say to the people of underdeveloped countries of the world that we want to come to their assistance and that we will do so and we will not try to scuttle the bill as we are doing here, then this amendment should be defeated.

Mr. ZABLOCKI. Mr. Chairman, I rise in opposition to the amendment.

Mr. Chairman, I want to remind our colleagues that this section was written into the law in 1957. The outstanding advocate of this provision was our former colleague from Ohio, Mr. Vorys. The very purpose of this amendment was to encourage development loans in place of grants. It was at that point that we departed from the policy which emphasized grants and went to a policy emphasizing loans. If we now follow the suggestion contained in the proposed amendment that this section be repealed, we will in fact undercut the very program we initiated in order to get away from grants and in order to make this program a sound program of foreign aid.

The question was raised that in order to improve supervision, the funds for development loans ought to be authorized and appropriated annually. I want to point out that the Congress can and does indeed conduct reviews, impose restrictions, and give directions to the Development Loan Fund every year. The Appropriations Committee always considers the repayments coming into the fund when new appropriations are made. Therefore, the Congress does not presently lack control over this program.

Mr. Chairman, I should like to call to the attention of the Members of the House page 210 of the hearings held on this legislation before the Committee on

Foreign Affairs which contains a chart listing past and projected loan repayments. The amounts listed are impressive. Funds provided for development loans are being repaid and will continue to be repaid with interest. The repayments will be made available for future lending as development loans and will encourage other countries to follow this type of procedure. This program will encourage greater reliance on sound methods of financing economic development, and wider participation in this task by other free nations.

Mr. Chairman, I hope the amendment will be defeated because, if adopted, it will undermine the development loan program.

Mr. FASCELL. Mr. Chairman, I move to strike out the requisite number of words.

Mr. Chairman, I suppose it is all right to walk up the hill, then walk down the hill and then attempt to walk back up the hill again. This amendment simply seeks to undo in a very short time what it took a very long time to write into this law. I would trust that whatever voting cohesion exists on the Republican side with respect to the other amendments will not be applied to this one and some consideration will be given to the background and the history of the Development Loan Fund.

We struggled very hard in the committee and under two administrations to strengthen the administration of the program. One of the strongest criticisms directed against the program before this provision was written into law and before we had the Development Loan Fund was by the Comptroller General of the United States. We could not do long-range planning with funding on an annual basis; therefore it became very wasteful and inefficient, and it was recommended that long-term funding be authorized.

For whatever it is worth, that is, if efficiency and the elimination of waste means anything, an effort was made to write into law those recommendations of the Comptroller General and those others who had reviewed the administration of the foreign aid program, along two counts. One was to change the emphasis from grants to loans and to set up a development loan program, to encourage in every way possible the development in the underdeveloped nations of a feeling of responsibility and to create the idea of a loan, even if in name only.

The other was to provide for long-range planning and funding of this program, in order to achieve this sense of responsibility in the recipient nations, in order to get away from the idea of grants. Admittedly, this cannot be done overnight, and it will not be done overnight; it may take a long time, such as 30, 40, or 50 years. I do not know, but as long as the fight with communism exists, as long as the challenge of the developing nations exists, as long as the problem is here, so long will we have to face it. But we are not going to do it by fast semantics

Mr. Chairman, the idea of a revolving fund for long-term planning has a sound basis in economics; it has a sound basis in accounting; it has a sound basis for proper administration of this type program.

Mr. Chairman, if the members of the committee want to go back down the hill again—and that is what this amendment does—to the annual authorization and appropriation in the Development Loan Fund, they are giving rise to all of the arguments and criticisms which the Comptroller General, the previous administration, this administration, your committee, and this House by previous votes have tried to correct by writing these fiscal provisions into law.

Mr. Chairman, I just make this statement so we can have it clear as to the course and direction of our vote. I would hope that having had this long struggle to change from grants to loans; having had this long struggle to put long-range planning into the program and to have a Development Loan Fund into which we could get dollar repayments; by which we could achieve some sense of responsibility; by which we could have some efficiency and economy; that we would not now in 5 minutes turn around and go back down the hill some 10 years in the program.

I trust that this committee will defeat the pending amendment.

Mr. JOELSON. Mr. Chairman, I move to strike the requisite number of words.

Mr. Chairman, I just take these few moments to congratulate those of my colleagues who applauded so vociferously at the passage of the last amendment, because we are creating a new image to the people of the world. It is no longer the image of the United States of America as idealistic, as the fighter against communism and against tyranny. It is no longer the picture of a nation that cares about the defeated and the dispossessed, the sick and the hungry of the world. It is a new image. It is not the image of the United States of America. It is the image of the "Friendly Loan Co." It is an image of a company that says to the people of the world, "We will help you fight tyranny at 3 percent on the barrelhead."

Mr. Chairman, it will be a sorry day for the democracies in this world when the United States has this kind of an image created in the eyes of the people of the world.

Mr. LINDSAY. Mr. Chairman, I move to strike the requisite number of words.

I had not intended to speak this afternoon on this section of the bill, and I shall not speak for the full 5 minutes.

Mr. Chairman, I am one of those mentioned earlier, who testified before the Foreign Affairs Committee for 2 solid hours on the subject of the relation between private enterprise and foreign aid, and can claim some credit for the language that is now in the bill on page 4 which requires that the AID Administrator turn to the private sector to discover whether or not a development loan can be made privately before the Government undertakes to make it. This is important language. It is intended to gear in the private system more systematically than in the past. I would like to compliment the very capable gentleman from Massachusetts [Mr. MORSE] for his accomplishment in steering this amendment through the committee and to thank him for it.

To say, however, that this program has to be eventually phased into the private sector does not go so far as to suggest that the development loan program be literally scuttled. If the development loan program has any merit to it at all it should not be chipped to death by these amendments.

I have always supported the distinguished gentleman from Washington [Mr. PELLY] during the last 2 years on the subject of back-door spending, but I do not think his well intended effort has a place here. When this amendment is combined with the amendment that was offered by the gentleman from Indiana [Mr. ADAIR] and carried, under which, as far as I can see, no development loan could be granted for a small school building in Guinea, to name one example, plus the amendment offered by the gentleman from Illinois [Mr. DERWINSKI] and carried—and I might add that the 2-percent amendment by itself probably is not devastating—and you have in the total combination a hamstringing that can end the usefulness of the program.

Several days ago I participated in special orders on the floor. I said I agreed with the Clay Committee report, but as a matter of tactics I wondered if the administration was so smart in adopting it as their own as fast as they did—in about 12 hours. They should have known this would whet a few appetites.

I as a Member on the minority side, not a member of the committee, would like to take these few minutes in order to support the ranking minority member and other minority members of the Committee on Foreign Affairs who have worked with the majority members in order to slice this bill down, but not to kill it. They have insisted on selectivity in its application, on loans rather than grants, on tightening it up and phasing parts of it out. They have cut it down, substantially. We are making a shambles here of this bill with the result that the entire development loan section will be placed in jeopardy.

I wish that more Members had been on the floor yesterday when the gentleman from Massachusetts [Mr. MORSE] spoke. He addressed his remarks to the job the committee has done to better the program, to cut it, narrow it, define its points and improve its administration. He and some others, like the ranking minority member, the gentlewoman from Ohio [Mrs. FRANCES P. BOLTON], have done a constructive job and should be supported.

Mr. ADAIR. Mr. Chairman, will the gentleman yield?

Mr. LINDSAY. I yield to the gentleman from Indiana.

Mr. ADAIR. I would like to say to the gentleman that under the amendment I proposed and which the committee adopted it would be possible to build that school in Guinea of which the gentleman spoke. The other 50 percent of the loan fund would be available for that.

Mr. LINDSAY. Yes, I understand that, but 50 percent would not be.

I think the time has come when it is important to stand by the committee which has cut this measure down as far as it should be cut at this stage of the proceedings.

Mr. McDOWELL. Mr. Chairman, I move to strike the requisite number of words.

Mr. Chairman, in discussing this program yesterday with my delightful friend and colleague and member of the committee, the gentleman from Indiana [Mr. ADAIR], we spoke about proposed amendments to this foreign aid bill, and he assured me that the amendments in his opinion were designed to perfect the legislation. I knew at the time that he was not for the foreign aid bill, but I was willing to accept at that point his evaluation of the amendments that were to be presented today as being perfecting amendments. With the last amendment that was adopted, you do not perfect foreign aid. You guarantee its failure.

We paved the way to defeat foreign aid, whether by votes on this floor or by the judgment of world opinion upon the actions of this Congress. I cannot really believe that is the objective of those who are voting for and supporting these vicious amendments. Your actions have invited the Communist press to headline the passage of this and the last amendment to the foreign aid bill as the "Uncle Midas" amendments. I cannot really believe that all of those who are now voting for these amendments, which have no other end result than to insure the failure of this legislation from now on, have that as their real objective. I care not whether they vote for or against this legislation, let it have a chance to be effective. Either that or let us now cast it aside and see if those who are so violently opposed to foreign aid as we know it today, and which is documented in this bill as it came from the Foreign Affairs Committee, have any alternative. They have not presented any such alternative here on the floor in any of the arguments we have heard so far, no single alternative except to discontinue foreign aid as such.

I, for one, shall watch the final rollcall to see who is sincere in his desire to support foreign aid and foreign policy under the Kennedy administration by the adoption of these so-called "perfecting" amendments.

Mr. ADAIR. Mr. Chairman, I move to strike out the requisite number of words.

Mr. Chairman, in response to what has just been said I would say to the gentleman that the amendment offered by the gentleman from Indiana was offered in good faith, and it was offered in the belief that it is a strengthening, perfecting, and improving amendment. As I said when I offered the amendment, I believe it makes the bill a better one. The gentleman is entitled to his opinion, as is everyone in this House, but as for me, I take the point of view that when amendments are offered they are offered in good faith, whether by myself or any other Member of this House.

Mr. MORGAN. Mr. Chairman, I rise in opposition to the amendment.

Mr. Chairman, I have had the honor of being the floor manager of this bill in 1958, 1959, 1960, 1961, 1962, and 1963. I have had occasion to go down to the White House many times during the last administration in behalf of the foreign aid bill. I devoted all my energy to the fight for foreign aid because I believe it is part and parcel of our security program. I held faith with then President Eisenhower. I was convoyed down to the White House many times and taken in the back door to meet with the President in behalf of foreign aid. I know how strongly President Eisenhower felt about this program.

I can see developing here today in this debate just a tinge of politics. I know President Eisenhower believes in this program. He recommended the establishment of the Development Loan Fund in 1957. This is not back-door spending; this is a revolving fund.

We are losing sight of the real reason for foreign aid. It is part and parcel of our own security. Nobody ever fought harder for this revolving fund than the great John Vorys, of Ohio, who served on the Foreign Affairs Committee for a good many years. He fought for this principle.

Mrs. FRANCES P. BOLTON. Mr. Chairman, will the gentleman yield?

Mr. MORGAN. I yield to the gentlewoman from Ohio.

Mrs. FRANCES P. BOLTON. The gentleman never said truer words. He would say that if he were here today. If he were here we would do differently.

Mr. MORGAN. If he were here, he would fight his very heart out for this principle.

Some new Members have come along since John Vorys left this House, but those who were here know that he understood and supported the principle of the revolving fund for foreign aid. I do not want the gentleman from Washington to be misled. The figure I read of $387 million repayment, includes Marshall plan loans—not just development loan funds. Including all the Marshall plan loans the repayment this year is $387 million. This amendment does not touch the Marshall plan loans. Next year we expect a repayment of only $36 million in this revolving fund for the fiscal year 1964. You are not saving a large amount of money. For what we are getting overseas in our fight against international communism, this does not cost much.

Mr. GROSS. Mr. Chairman, will the gentleman yield?

Mr. MORGAN. I yield to the gentleman from Iowa.

Mr. GROSS. I assume the gentleman from Minnesota, Mr. Judd, also fought his heart out?

Mr. MORGAN. He certainly did.

Mr. GROSS. And he went right down the drain with the help of the President.

Mr. MORGAN. I do not think he went down the drain with the help of the President—he was defeated by the vote of his constituents. Nobody has more affection and respect for Dr. Judd than I have.

Mr. GROSS. I am well aware of that. Will the gentleman yield further, Mr. Chairman?

Mr. MORGAN. I yield to the gentleman.

Mr. GROSS. And the gentleman from Ohio, Mr. Vorys, when he was here, the national debt was somewhere around $286 billion and we did not have any imbalance in our trade and the outflow of gold the way we have today.

Mr. MORGAN. Oh, yes, we did; we have had an outflow of gold nearly every year since 1949.

Mr. GROSS. Not the way it is today, because today the gold reserves are at the lowest point since 1939.

Mr. MORGAN. I am talking about the outflow of gold.

Mr. PELLY. Mr. Chairman, will the gentleman yield?

Mr. MORGAN. I yield to the gentleman.

Mr. PELLY. I know my friend, the gentleman from Pennsylvania, would not want to leave the impression that there was any political tinge to this amendment I put in. I have been fighting for the principle of the appropriation process for years. The gentleman from Pennsylvania may have been referring to some other amendment, but I would like him to clear the record on that point.

Mr. MORGAN. I have a great deal of admiration for the gentleman. I know in 1961, when the Treasury borrowing authority was sought to finance the Development Loan Fund, he was one of the strongest fighters against it. I give him credit. He fought for his principles. But I cannot consider that this revolving fund is the same thing as Treasury borrowing. This is a revolving fund and it is not Treasury borrowing.

Mr. PELLY. Mr. Chairman, will the gentleman yield further?

Mr. MORGAN. I yield to the gentleman.

Mr. PELLY. I would like to say there are four devices we commonly call back-door spending. This happens to be one of them. But I did not want the record to indicate in any way that there was any partisanship in my attitude in this amendment.

Mr. MORGAN. I just want to say, the Committee on Appropriations always considers anticipated repayments when they make their appropriations for the Development Loan Fund. This income is always taken into consideration. This is not a fund that just lies there until the Executive reaches into it and lends it out. These repayments have always been taken into consideration by the Appropriations Committee. I am sure everybody in this House knows the distinguished gentleman from Louisiana who heads that subcommittee of the Appropriations Committee for foreign aid. You can be sure he knows every dime that is in this revolving fund and takes it into consideration when he makes an appropriation for the Development Loan Fund.

Please give careful consideration to this vote. This involves a fundamental issue. We are fighting against the most dangerous enemy we have ever faced in our history.

Mr. McCORMACK. Mr. Chairman, I move to strike out the last three words.

Mr. Chairman, without in any way discussing the other two amendments that have been adopted and addressing myself solely to the pending amendment, it is my firm conviction that if this amendment is adopted, it will seriously impair the Development Loan Fund.

As I view the world of today, not only we ourselves but future generations are involved. I think everyone knows of my strong convictions, going back to 1934, in an appreciation of the evil mind and intent of the Communists and of the fact that I have always stood for strength. If I am going to err in judgment as a legislator on the question of strength or weakness, everyone knows that I prefer to err on the side of strength. I feel that the only thing the Communists respect is what they fear, and that is military strength and power on our part greater than they possess themselves. I feel that the only level upon which we can deal with them is on the basis of self-preservation, because communism has no moral origin and, having no moral origin, it has no level of idealism. However, Communists cannot deny that the law of self-preservation applies to the people of the Soviet Union the same as it applies to the people of any other country, or the people of our own country. Military strength I have always stood for, but in a sense it is negative. Foreign assistance to me has been the affirmative side of democracy in this great battle in this trying period of world history. We know that there are tensions in the Communist orbit. To what extent we cannot fathom now. Time passes and history is being made, being made as we are now deliberating this particular bill. We know there is tension within the Communist oribit. It is our job to explore, to probe, and to capitalize on those tensions in the national interest not only of our own country but of all the countries and peoples who want to be free under their own law.

Coming to this particular amendment, this particular provision was enacted into law under former President Eisenhower. Are we going to deny to President Kennedy what we gave to President Eisenhower? I am not. Others might; I am not. We Democrats loyally supported it only a few years ago. I am not going to say politics, but I see the vote and I see the transformation within a few years. The question enters my mind as to whether, if there were a Republican in the White House, would we see the vast number of Republicans voting here as they have? It is a fair observation. I do not like to talk about a Republican or a Democrat in the White House, but when there is a President in the White House who is either a Republican or a Democrat, he is the President of the United States to me, and I think you all get the importance of that observation. When there was a President in the White House who was a Republican, we on the Democratic side as Members of Congress loyally supported this particular program.

I am not going to talk about the other two amendments, and I do not think anyone's motives should be impugned, and nobody is impugning them. I respect all of my colleagues, even when I am in disagreement with them. I give them credit, as I hope they give me credit, for purity of mind and cleanliness of motive. However, this amendment is not direct Treasury financing or, as others call it, back-door spending. This involves a revolving fund, and we have tens of revolving funds in other agencies of the Government. So, I respectfully submit that this particular amendment will seriously impair a worthy program initiated under a President who was a Republican. The provision to which the amendment is offered certainly should be continued under a Democrat. I hope the amendment will be defeated.

Mr. JONAS. Mr. Chairman, I move to strike out the last two words.

Mr. Chairman, I regret that I must follow the distinguished Speaker of the House in discussing this amendment. I would not presume to do that under ordinary circumstances, but I have been trying for some time to get the opportunity to say a word or two about this amendment. I want to put my 2 cents' worth in and then I shall yield the floor.

I do not think the argument that since this provision was put into the bill under a former President and therefore should stay in now is a sound one. If you want to put it on that basis, then it could be argued that we allowed the former administration about 3 years with this provision and we have permitted the present administration to go along with it for about the same period of time. But just because it was enacted under a previous administration is no argument in favor of continuing it in perpetuity if it is wrong. Let us vote on this amendment on the basis of whether it is a good amendment, whether it is in the best interest of the people of the United States, and not on the basis of what political party will benefit, or on the basis of who supported it 2 or 3 years ago, or who recommended it or who was in the White House when it was enacted into law originally.

Mr. Chairman, I think this is a good amendment, because I think the Congress of the United States should not abdicate its responsibility to determine how money should be spent to any President, regardless of which party he represents. The Constitution charges Congress with the responsibility of determining what money shall be withdrawn from the Treasury of the United States.

It will not damage this program one iota to have Congress reserve to itself the right to determine what part of the loan repayments will be reappropriated from year to year. You may say it is not back-door spending; you may call it a revolving fund. I call it giving the executive a blank check; and and I am tired of voting blank checks to any executive agency of this Government.

Mr. HAYS. Mr. Chairman, I move to strike out the requisite number of words.

Mr. Chairman, I consider the little demonstration a tribute, because frankly I will say to you that on many occasions there is no more political fellow in the House, or one who enjoys being political, than myself, unless from what I read in the papers it is the gentleman from Indiana, [Mr. HALLECK]. I enjoy a good political fight. I would not deny it. But I want to say to you that under the 8 years of the Eisenhower administration I was down in the well of the House every year for 8 years defending this bill from amendments that I thought would destroy its effectiveness. It is one thing to be political on something that does not matter and it is another thing to be political on something that affects the security of the country. I want to say about my friend from Indiana [Mr. ADAIR], who is the ranking member on my subcommittee, that I believe I have not a better friend in Congress than he. I respect him and he can testify himself on matters before the subcommittee we work until we have a meeting of minds.

Every bill that I have brought from that subcommittee to the full committee has come out unanimously. I think the gentleman from Indiana [Mr. ADAIR], has the best of intentions in the world in offering his amendment. I did not support it. If it applied to selected countries, I would have been down here fighting for it. But I think even the gentleman from Indiana will admit that in the case of some countries in Latin America it may force us either to only make 50 percent as many loans as we would have, or make the loans to the very people who are now funneling the money out of Latin America into Swiss banks. The gentleman does not intend that. His intentions are not that at all. But we do not have any selectivity under that amendment. That is why I opposed it, not because I thought there was anything wrong with the gentleman's motives, because he wants to get at the same thing at which I want to get, and that is to put as much money into the private business sector as we can. But, Mr. Chairman, we have got to trust the administrator. If you do not trust the one who is there now, and may I say I do, it seems to me we ought to get one we can trust.

Mr. Chairman, I went along with the various administrators in the other administration. What about this present amendment? Talk about back-door spending. There is $36 million involved. As the chairman, the gentleman from Pennsylvania [Mr. MORGAN], has said there is a revolving fund and presumably—and if I know the gentleman from Louisiana, and I think I do, presumably he will deduct $36 million in appropriations in order to take care of the $36 million that is coming in, and I think he should, frankly, if he thinks that is the amount they ought to have.

Now, Mr. Chairman, what are we doing here this afternoon? Are we making a fight because it is a lot of political fun on every amendment, or are we going to try to write a bill that once it becomes law it will be in the best interest of the United States of America?

I suppose, Mr. Chairman, that a good many of the Members on my left think that if their champion—and I am now looking at my friend who represents the congressional district next to the one which I have the honor to represent from Ohio—if your champion [Mr. GOLDWATER] is elected there will not be any foreign aid. I have news for you. There will be and you will be in here asking for it, or you will be hiding out so he does not know about it, if you do not vote for it.

The CHAIRMAN. The question is on the amendment offered by the gentleman from Washington [Mr. PELLY].

The question was taken; and the Chairman announced that the noes appeared to have it.

Mr. PELLY. Mr. Chairman, I demand tellers.

Tellers were ordered, and the Chairman appointed as tellers Mr. PELLY and Mr. MCDOWELL.

The Committee divided, and the tellers reported that there were—ayes 155, noes 169.

So the amendment was rejected.

Mr. MORGAN. Mr. Chairman, I move that the Committee do now rise.

The motion was agreed to.

Accordingly, the Committee rose; and the Speaker having resumed the chair, Mr. RAINS, Chairman of the Committee of the Whole House on the State of the Union, reported that that Committee, having had under consideration the bill (H.R. 7885) to amend further the Foreign Assistance Act of 1961, as amended, and for other purposes, had come to no resolution thereon.

JOINT COMMITTEE ON IMMIGRATION AND NATIONALITY POLICY

The SPEAKER. Pursuant to the provisions of section 401(a), Public Law 414, 82d Congress, the Chair appoints as a member of the Joint Committee on Immigration and Nationality Policy the gentleman from Kentucky [Mr. CHELF] to fill the existing vacancy thereon.

REQUEST FOR HOUR OF MEETING

Mr. ALBERT. Mr. Speaker, I ask unanimous consent when the House adjourns today, it adjourn to meet at 11 o'clock tomorrow.

The SPEAKER. Is there objection to the request of the gentleman from Oklahoma?

Mr. JONES of Missouri. Mr. Speaker, reserving the right to object, I think I am going to object to this request on the ground that a number of committees including one of mine have some hearings that are going on tomorrow. I believe Members have been going on the assumption that we were going to take 3 days to consider this bill. We have been adjourning many days here and losing time, and I do not see any reason why we cannot come in at the regular time tomorrow. So, Mr. Speaker, I object to coming in at 11 o'clock tomorrow.

The SPEAKER. Objection is heard.

ETHICAL CONDUCT IN HIGH OFFICE

Mr. FINDLEY. Mr. Speaker, I ask unanimous consent that the gentleman from Tennessee [Mr. BROCK] may extend his remarks at this point in the RECORD and include extraneous matter.

The SPEAKER. Is there objection to the request of the gentleman from Illinois?

There was no objection.

Mr. BROCK. Mr. Speaker, in the August 7 issue of the Washington Evening Star there appeared an editorial by Richard Wilson entitled "Ethical Conduct in High Office." This portrays clearly the question surrounding Secretary of Navy Korth's personal involvement in the TFX contract award, the question of whether a person who is involved in any way with a firm negotiating for Government business should place themselves in a position which "tempts dishonor."

The strength of a democracy such as ours rests in no small part in the confidence with which the public views its appointed public officials. Such officials are not subject to removal by vote of the electorate. For this reason it is particularly incumbent upon these men and women to avoid any situation which might in any way cast doubt on the conduct of his office.

We, the citizens, believe in our American democracy. Such faith must and will be justified. For this reason above all others Secretary Korth owes the American people an unqualified pledge, a pledge that a situation such as the one which arose over his involvement in the TFX contract will not repeat itself.

I commend the following article to your attention:

ETHICAL CONDUCT IN HIGH OFFICE

(By Richard Wilson)

The level of indignation on the ethical standards of high officials seems to fluctuate from one presidential administration to another.

This particular comment has only to do with how the conduct of public officials is viewed and reported, not with the substance of an official's ethical conduct.

But it is, at the same time, a strange contrast that there was so much public and press indignation over the conduct of Adolphe H. Wentzell in the Eisenhower administration and so little over the conduct of Fred Korth in the Kennedy administration.

Yet, both are bankers. Both are or were involved in the award of Government contracts to concerns which were doing business with their banks. Mr. Wenzell was a vice president of First Boston Corp., a major financial institution, and gave financial advice to sponsors of the Dixon-Yates contract for a generating plant at Memphis, Tenn., while serving as an unsalaried consultant to the Budget Bureau on the same general subject.

Fred Korth is former president and still a large stockholder in the Continental Bank of Fort Worth, Tex., which made a substantial loan to help keep financially afloat Fort Worth's biggest industry, General Dynamics Corp. Mr. Korth also is Secretary of the Navy. He favored granting an $8 billion contract to General Dynamics for construction of a big new fighter-bomber aircraft called TFX.

Evidence before the McClellan Committee shows Mr. Korth had 16 conferences with and 5 phone calls to "longtime friends" of General Dynamics during the period when it was decided to give the contract to the Fort Worth firm instead of to the lower bidding Boeing Corp.

Some strong statements have been made in Congress on his continuing interest in the bank which made the loan to the company that got the TFX contract. The relationship is called in the CONGRESSIONAL RECORD "a pattern of activity that compares with the RFC scandals, the activity of T. Lamar Caudle of the Truman era, or the Talbot case and Dixon-Yates case of the Eisenhower administration." It is stated that this is a "real Texas-size scandal."

Whether Mr. Korth was involved in a statutory conflict of interest is something a court could decide, if the matter were of a nature to be submitted to a court.

In this connection the comments of Chief Justice Earl Warren in *United States* v. *Mississippi Valley Generating Co.* might be held to be applicable. This case involved the cancellation of the Dixon-Yates contract in a hot political atmosphere and whether or not the Mississippi Valley Corp. was entitled to $1,867,545.56 in damages. The Court of Claims awarded these damages. But the Supreme Court vacated the award on the ground that the contract was invalidated and tainted by Mr. Wenzell's dual role.

Justice Warren chose the occasion for a Supreme Court sermon on what "conflict of interest" is, and it proved to be a highly moralistic and, some would say, extralegal concept. But it is the law of the land, as interpreted.

To be guilty of conflict of interest, it is not necessary to have been corrupt. It is not necessary to have gained anything personally or to have been promised anything personally. It is only necessary to be willfully involved in a situation that "tempts dishonor."

"The statute," said the Chief Justice, "is more concerned with what might have happened in a given situation than with what actually happened. It attempts to prevent honest Government agents from succumbing to temptation by making it illegal for them to enter into relationships which are fraught with temptation."

This stern and truly Presbyterian morality sets a high standard of conduct. The logic of circumstances alone is enough, in the Warren version, to taint a public official, for he may be subconsciously tempted to ingratiate himself to sponsors who were in a position to affect the fortunes of himself and his firm.

How many Federal public officials really know what Spartan righteousness the law demands of them? How much longer are they to remain ignorant?

PENSIONS FOR WORLD WAR I VETERANS

Mr. FINDLEY. Mr. Speaker, I ask unanimous consent that the gentleman from Vermont [Mr. STAFFORD] may extend his remarks at this point in the RECORD and include extraneous matter.

The SPEAKER. Is there objection to the request of the gentleman from Illinois?

There was no objection.

Mr. STAFFORD. Mr. Speaker, it is a great honor for me, as Vermont's Member in this House of Representatives, to place in the RECORD a joint resolution of the General Assembly of the State of Vermont, approved June 27, 1963.

The resolution urges the Congress of the United States to enact legislation granting a pension to veterans of World War I, comparable to grants to veterans prior to World War I.

JOINT RESOLUTION RELATING TO PENSION FOR WORLD WAR I VETERANS

Whereas the national policy of the United States concerning veterans of the United States has been to grant assistance to them in their declining years by a pension in consideration of their military services in defense of our country; and

Whereas there has been no general pension granted to veterans of World War I by the United States: Now, therefore, be it

Resolved by the senate and house of representatives, That the General Assembly of the State of Vermont hereby urges the Congress of the United States to enact legislation granting a pension to veterans of World War I comparable to grants to veterans of American wars prior to World War I; and be it further

Resolved, That copies of this resolution be sent forthwith by the secretary of state of Vermont to the President of the United States, to the Presiding Officers of each branch of the Congress and to the Members thereof from the State of Vermont.

Approved: June 27, 1963.

THANKS EXTENDED TO RETIRING POSTMASTER GENERAL J. EDWARD DAY

Mr. FINDLEY. Mr. Speaker, I ask unanimous consent that the gentleman from New York [Mr. BARRY] may extend his remarks at this point in the RECORD and include extraneous matter.

The SPEAKER. Is there objection to the request of the gentleman from Illinois?

There was no objection.

Mr. BARRY. Mr. Speaker, I would like to take this opportunity to extend thanks to retiring Postmaster General J. Edward Day on behalf of myself and the people of the 25th Congressional District of the State of New York.

Postmaster General Day has done an admirable job in handling one of our Government's most difficult Departments. Many innovations to the national postal system have been a direct result of his personal interest and diligence. Employees of the postal service have been provided with the most modern types of equipment available, resulting in improved working conditions for them as well as increased productivity and service. Many self-service operations have been introduced to improve service to patrons and reduce post office costs.

Mr. Day has served in his post in what to me has been an impartial manner, without regard to political affiliation. He has done a most commendable job.

I personally wish Mr. Day well on his return to private life. The Congress, as well as the people of this country who have benefited from his tenure as Postmaster General, will join with me, I am sure, in extending our appreciation to J. Edward Day for his outstanding service to his country.

THE CIVIL RIGHTS MARCH

Mr. FINDLEY. Mr. Speaker, I ask unanimous consent to extend my remarks at this point in the RECORD and to include extraneous matter.

The SPEAKER. Is there objection to the request of the gentleman from Illinois?

There was no objection.

Mr. FINDLEY. Mr. Speaker, if the civil rights march on Washington comes and goes without violence, the entire Nation will heave a sigh of relief and especially those of us in Washington. Predictions as to the crowd range from 100,000 to 300,000 people.

Every mass gathering has the potential for violence. Crowds at sports events easily reach the frenzy pitch. We quickly roar disapproval of the umpire, or what appears to us to be unfair tactics by one of the players. Even the best-mannered crowds can quickly get out of hand.

The crowd is added to the movement of people and cars which keeps Washington in a near traffic jam perpetually day and night. A few people of the lunatic fringe—and every mass gathering has its lunatic fringe—can quickly cause friction, disorder, and violence.

The demonstration occurs just 100 years after the great conflict which ended slavery in the United States. It will start at the Washington Monument grounds and end at the Lincoln Memorial.

These two monuments remind us of our struggle for freedom. George Washington commanded the armies that broke with British tyranny and established a government founded on the unique principle that government itself is instituted to protect the freedom and rights of the individual citizen. Abraham Lincoln signed the Emancipation Proclamation which freed the slaves just 100 years ago.

I am showing visitors to my office a yellowed document I acquired several years ago: A bill of sale for five Negro slaves, dated 1806. It is a relic of a sorry past, and shows we have come a long way in providing equal rights to all Americans.

Wednesday's demonstration is a vivid reminder that we still have some miles to travel.

SEE AMERICA

Mr. ZABLOCKI. Mr. Speaker, I ask unanimous consent that the gentleman from Oregon [Mr. ULLMAN] may extend his remarks at this point in the RECORD and include extraneous matter.

The SPEAKER. Is there objection to the request of the gentleman from Wisconsin?

There was no objection.

Mr. ULLMAN. Mr. Speaker, the current deficit in our balance of payments is a matter of concern to all Americans. My colleagues have ably demonstrated the measure under consideration today—the Foreign Assistance Act of 1963—will not measurably affect our balance-of-payments problem—and this is one of the reasons I intend to support the bill.

However, in my judgment, Mr. Speaker, it is incumbent upon the Congress to continue to focus its attention on the balance of payments. To help alleviate this situation, the Federal Reserve Board raised the discount rate in mid-July from 3 to 3½ percent. Although the increase was instituted specifically to remedy the balance-of-payments problem, there have been serious apprehensions that this action would also have a harmful effect on the domestic economy. We must, of course, make a concerted effort to reduce this deficit, but—and I emphasize this Mr. Speaker—we must concentrate our efforts in areas which will not have a dilatory effect on our economic recovery.

There are balance-of-payments items in which the deficits have been chronic; in other areas, the surpluses have not been sufficient. In many of these areas, in my opinion, Mr. Speaker, the Congress can initiate action which will reduce the current deficit and eventually produce a surplus. In the next few weeks, I will submit measures designed to accomplish this goal. These bills will deal with problems such as U.S. tourist spending overseas, offset defense spending, incentives to exports, and others.

Today I am introducing a resolution directed at the burdensome annual deficit in tourist spending on travel and transportation overseas. In 1962, U.S. residents spent nearly $2.9 billion for foreign travel—an increase of more than 10 percent over 1961. The Treasury Department estimates that the deficit in this category last year was $1.4 billion—approximately half the total dollar loss in 1962. And data for the first half of 1963 indicates that despite our efforts to attract tourists to the United States, there will be an even greater deficit in the travel and transportation item this year.

Several methods to control this deficit have been suggested, Mr. Speaker. One is to place a tax on oversea transportation. In 1962 U.S. residents spent almost $1 billion for foreign travel. It is possible that a tax on transportation could reduce that amount; however, it seems likely that this action would result in immediate retaliation by foreign carriers and, in effect, we would have accomplished nothing.

Another means—now employed by many foreign nations—to minimize tourist expenditures is to place direct controls on the flow of currency. In my opinion, Mr. Speaker, we should reject this type of measure as not being consistent with the principles of freedom of movement that we have always guaranteed to our citizens.

Mr. Speaker, 1964 will be a crucial year for the U.S. balance-of-payments situation. It is evident that we must make every effort to reduce the deficit arising from U.S. tourism and yet it is also obvious that it is difficult to initiate direct legislative action in this area. Instead, Mr. Speaker, I am asking that the Congress pass a resolution proclaiming 1964 as See America Year—a year in which the President and Congress will encourage citizens contemplating oversea travel to first see the wonderful vistas of the United States.

This is a voluntary approach to the problem, Mr. Speaker but our citizens have always had a deep sense of pride in their Nation and in their heritage. The American people will respond to this appeal from their elected representatives and, in so doing, we will accomplish two important goals. First, we will help to relieve this balance-of-payments deficit item, and, perhaps of greater consequence in the long run, Mr. Speaker, we will help to motivate our citizens to become more familiar with the history and great beauty of our Nation.

Thus, in my judgment, an ideal way to help relieve a serious national problem is to encourage patriotic Americans to see America in 1964.

COLD WAR GI BILL

The SPEAKER. Under previous order of the House, the gentleman from New York [Mr. RYAN] is recognized for 30 minutes.

Mr. RYAN of New York. Mr. Speaker, last Wednesday the House passed a bill to provide Federal grants and loans for the construction of academic facilities at institutions of higher education. In supporting that bill, I said that it represented an investment program for the future.

Today I have introduced a bill which represents another investment—an investment in the youth of America which has served in the Armed Forces during the cold war. Berlin, South Vietnam, Cuba remind us that we live in perilous times in which our young men have experienced compulsory military service in peacetime. The veterans of the cold war have been called upon to make heavy sacrifices. They should receive readjustment assistance as did the GIs of World War II and the GIs of the Korean conflict.

The cold war GI bill, which I am sponsoring, is a companion measure to S. 5. S. 5 has been reported out of the Subcommittee on Veterans' Affairs of the Senate Committee on Labor and Public Welfare.

The bill is divided into two sections: First, education and vocational training assistance; and second, guarantee and direct loan assistance. The conditions of eligibility for both sections are active duty in the Armed Forces for more than 180 days between January 31, 1955, and July 1, 1967, the date of termination of the Selective Service Act, and discharge under conditions other than dishonorable. An individual who was discharged or released during the period for service-connected disability would also be eligible.

The period of education or training is not to exceed 36 months and is calculated by multiplying each day of active duty by 1½. For full-time college training the veteran would receive a monthly allowance as follows: no dependents, $110; one dependent, $135; more than one dependent, $160. A veteran must begin his education or training within 3 years after discharge or the enactment of the bill.

The guarantee and direct loans are for the purpose of purchasing homes, including farm homes, and farmlands, livestock, and so forth, to be used by the veteran in farming operations. Banks or other lenders would make loans with the Government guaranteeing 60 percent, up to $7,500, on residential real estate, and 50 percent, up to $4,000, on nonresidential real estate.

With some exceptions the readjustment assistance is similar to that awarded by Public Law 88–2 to veterans of the Korean conflict. The differences are: First, a minimum of 6 months' service on active duty—unless discharged for a service-incured disability—instead of 90 days prescribed for Korean conflict veterans; second, the preservation of the education and training entitlement of career personnel until after their final release from the Armed Forces; third, a requirement that the beneficiary pay a fee—not in excess of one-half of 1 percent of the loan amount—as a prerequisite for the guarantee of the loan or the making of a direct loan; and fourth, unlike the Korean GI bill, no mustering-out pay and no business loans.

Mr. Speaker, this is a just bill, and I hope it will receive broad support in the House. In anticipation let us examine some of the arguments which have been advanced against it.

First, it has been said that benefits should not be given to cold war veterans because we are not involved in a shooting war and the present military service does not disturb the lives of men as greatly as did World War II or the Korean conflict. Yet the original GI bill provided benefits to all servicemen and women regardless of whether or not they engaged in actual combat or even left the shores of the United States. Soldiers in a cold war serve their country just as truly as those in a shooting war, and at considerable risk. According to a report of the Department of Defense, since 1946 80,787 servicemen have lost their lives as a result of violence, instrumentalities of war, accident and disease—all in a period of so-called "peace." Korean war casualties are not included in the 80,787.

The cold war GI bill is not intended as a reward but as a means to help the veteran to readjust to society. The serviceman of today finds his life more disrupted and a greater loss of opportunities than did the Korean or World War II servicemen. His period of service is longer—an average of 22.6 months during the Korean conflict and 28.3 months for post-Korean service. But an even more important statistic in determining whether a serviceman indeed has been penalized by lost opportunities is the percentage of men rendering substantial military service. For 1963 this figure is 45 percent and by 1965 it is expected to be below 40 percent. This means that 45 percent or less of American men between the ages of 21 and 26 are serving in the Armed Forces, while the majority of their peers are receiving vocational or educational training or are already establishing themselves in their business, profession, or job. The sacrifices for a serviceman are greater now than during a "shooting war" when a larger percentage of the men of his age are involved. Because of deferments for education, the draft increases the economic gaps in society. Many of those who can afford a college education are protected from the draft. Those who cannot must serve. It is an untenable situation when the man who serves his country is penalized in his life pursuits.

A second argument against the bill is that it amounts to a "free ticket," which will encourage trained personnel to leave the Armed Forces and accept the bill's benefits.

The fallacy of the "free ticket" notion is apparent from the high cost of education today—twice what it was in 1950. Yet the educational benefits under this bill are the same as those granted Korean war veterans. And even for the Korean veterans the funds did not constitute a "free ticket." About 80 percent of the veterans in the program worked in college. If in 1950 only 20 percent of the veterans subsisted on their payments alone, less will be able to do so now.

With the degree of mechanization of the Armed Forces and the new sophisticated weapons systems involved in our defense, the period of training qualified men has become so prolonged that in some field careers men have become a necessity. Instead of inducing men to leave the service, why should it not be an inducement to join the Armed Forces in order to take advantage of the bill's opportunities? It should stimulate a desire to serve at least longer than the 6-month trainees under the Reserve program who would not be eligible.

Finally, this bill provides that persons who choose to pursue a military career would have their benefits preserved. This should encourage those who wish to serve longer to do so without losing their chances for further education.

If this bill does serve as a siren to a few, these individuals will still provide a pool of trained manpower, better trained in some instances because of the higher educational level attained as a result of the bill's benefits.

A third opposing argument is the cost—an estimated $289 million annually. However, the same Veterans' Administration, which objected to the cost at the hearings on S. 5, on June 22, 1954, the 10th anniversary of the World War II GI bill, issued the following statement:

> Through the GI bill the World War II veterans have become the best educated group of people in the history of the United States. Because of their training, they have raised their income level to the point where they are now paying an extra $1 billion a year income taxes to Uncle Sam.
>
> At this rate, GI bill trained veterans alone will pay off the entire $15 billion cost of the GI education and training program within the next 15 years.

Mr. Speaker, the losses sustained by the Veterans' Administration under previous GI loan programs are one-fifteenth of 1 percent, a record to be envied by any commercial banker. But under this bill the one-fifteenth of 1 percent loss will be covered by the requirement that each beneficiary pay a guarantee fee not to exceed one-half of 1 percent of the loan.

Mr. Speaker, the cold war GI bill offers many advantages. One is in the area of employment. While we are suffering from 6 percent unemployment, numerous skilled jobs are going begging. In the skilled trades 250,000 workers must, according to the U.S. Department of Labor, be trained every year just to maintain our present skilled forces, without allowing for expansion. Our present supply of skilled labor is only about 20 percent of that needed. The Labor Department expects a weekly average of

49,000 peacetime veterans to file unemployment claims—a total of 350,000 claims in fiscal year 1962.

Not only will the veterans benefit by this training, but the country will find it has a larger stock of skilled workers, which it so sorely needs. There is no market for unskilled labor today, but there is a demand for capable, well-trained people.

A look at the World War II GI bill will show that this bill is an effective method of relieving unemployment and producing the skills America needs. The World War II bill raised the average educational level of veterans by a full three grades—from the second grade of high school to the freshman year of college. It trained 18,000 doctors and registered nurses, 113,000 physical and research scientists, 450,000 civil engineers, 36,000 clergymen, and 711,000 skilled mechanics.

In conclusion, Mr. Speaker, this bill deserves congressional support. It is a method of compensating our cold war veterans for their sacrifice of time which otherwise might have been spent in furthering their education or careers. The bill will help to create full employment and will advance education. Finally, it will strengthen America in her greatest struggle—the cold war. For as Senator WAYNE MORSE said about S. 5:

> It is not just a bill to help the young men drafted for cold war defense needs to resume their civilian life; it is needed to give us at least some of the trained minds we must have to fight the cold war at all.

SAWTOOTH NATIONAL PARK URGED

Mr. HARDING. Mr. Speaker, I ask unanimous consent to extend my remarks at this point in the RECORD and to include extraneous matter.

The SPEAKER. Is there objection to the request of the gentleman from Idaho?

There was no objection.

Mr. HARDING. Mr. Speaker, the Sawtooth Mountains of Central Idaho are unsurpassed in magnificent mountain scenery and picturesque lakes. Miss Lena Shoup, an early visitor to the area, wrote the following impressive account of the Sawtooth area nearly 50 years ago:

> The first glimpse of the magnificent Sawtooth Mountains is one never to be forgotten. A sharp turn in the road brings the first view—you see them as through a vista—this noble range so truly named and so stately with its sharp snow-capped peaks. At the little village of the Stanley one finds a warm welcome, and after a refreshing rest we again start on our journey, a journey still of interest but so unlike our river trip. The arrival at Campers Park and Redfish Lakes again brings keen delight, for this is truly a glorious wonderland. The exquisite setting of the Redfish Lakes is quite beyond description, the great trees towering over these emerald ports and the lofty mountains forming a most fitting background of this artwork of nature. A few hours more of driving brings one to the pass in the Sawtooth Range between Salmon River and Wood River, called Galena Summit. It seemed we saw worlds during our 2 days' drive; think what could be seen in a 10-day outing there.

The future of this glorious wonderland is being charted now. On September 4, the Forest Service is scheduled to hold hearings in Boise, Idaho, on their proposal to change the status of the Sawtooths from a "primitive area" to a "wilderness area." Everyone who is interested in the Sawtooths and their potential must now decide what course of action they favor in regard to this outstanding area.

Mr. Speaker, after careful study, I am convinced that the Sawtooth's contribution to Americans and to Idahoans will be greatest as a national park. Therefore, I am proud to join the ranks of great Idahoans who have supported and do now support a Sawtooth National Park.

It was in 1913 that Representative Burton L. French first proposed a Sawtooth National Park. In following years, others from the Idaho congressional delegation, including the Senators William E. Borah and James P. Pope, and Congressman Addison T. Smith introduced legislation to authorize a Sawtooth National Park.

I was particularly intrigued with the qualified description of the chief geographer of the United States, who, on December 1, 1915, reported:

> This section of the Sawtooth Range is unusually striking in mountain sculpture and is a brilliant composite example of the characteristics of three of the main mountain ranges of the United States. The southern portion strongly resembles the Rocky Mountains in Colorado, the middle section is a counterpart of the Sierra in California, and the northern end is a rugged brother of the Cascade Range in Washington. The lakes are rare in their brilliant transparency, reflecting the mountains and the black pine forest fringing their edges, making most inviting places for campers and tourists to rest and enjoy nature in all its glory.

Twice in 1915 and 1917 the Idaho State Legislature memorialized the Congress of the United States to create a national park in this area. Woodrow Wilson's administration endorsed its establishment and on January 25, 1917, the first favorable report was written on a bill to create a Sawtooth National Park. Time passed but interest never lagged in this great proposal and on April 7, 1960, Senator FRANK CHURCH introduced a bill to authorize a feasibility study of the proposed Sawtooth National Park.

Mr. Speaker, I want to make it absolutely clear that I am not opposed to the wilderness concept nor am I opposed to the Forest Service's program of multiple-use management of forest resources. I support both wilderness and multiple use in their proper place. However, in Idaho we presently have both but we do not have a national park. When we consider that the proposed Sawtooth National Park would encompass approximately 200,000 acres, and that the Forest Service presently administers 20,300,000 acres in Idaho including 988,000 acres in wilderness area, 1,642,000 acres in primitive area and a balance of 17,670,000 acres in a general multiple-use status. Therefore, the approximately 200,000 acres we are considering for a Sawtooth National Park represents less than 1 percent of the Forest Service lands in Idaho.

I support a Sawtooth National Park because a national park preserves in public ownership areas that are outstanding for scenic, natural, recreational or historical values for all Americans to enjoy.

However, at the same time, it has been proven that national parks have a stimulating effect on the economy of a region.

Investigations made in several parks have shown that commercial enterprises have expanded and new enterprises have been developed adjacent to the parks to meet the needs of park visitors, and that local tax receipts have increased as adjacent property values increased. Also, employment in the region usually increases substantially.

An example of these beneficial effects of national park status is found at Cape Hatteras National Seashore. A reporter from the Eugene, Oreg., Register-Guard recently visited this area and reported his findings. He examined the tax records of Dare County, N.C., where the national seashore is located. He found that total assessed valuation within the county more than doubled from 1950 to 1958, going from $11 million to $25 million. At the same time, tax rates were reduced by 20 percent. The volume of business from the tourist trade almost doubled within a 6-year period in the vicinity adjacent to the national seashore. Bank deposits doubled from 1950 to 1959. While some property was removed from the tax rolls for park purposes, land remaining on the tax rolls showed astounding increases in value as the park increased the general economic activity of the region.

A travel study at Glacier National Park showed that in the 12-month period ending in September 1951 people from all the States, the District of Columbia, Canada, and other countries spent some $4 million in and around the park and spent an additional $8 million in the State of Montana.

A similar survey of the Great Smoky Mountains National Park, made in 1956 by State highway departments and the Bureau of Public Roads, revealed that the 2.5 million people who visited the park during 1 year spent more than $28 million within a 30-mile radius of the park.

The University of Wyoming made an economic study of Teton County, where Grand Teton National Park is located, and found that between 1950 and 1958 trends in a variety of economic indicators were upward. In 1950, the year in which Grand Teton National Park was enlarged, total assessed values of real and personal property amounted to $4.7 million. By 1958 total assessed values increased to $8.2 million. The sales and use tax in Teton County amounted to $76,457 in 1950. Eight years later revenue from this tax had doubled to $153,706. During the 8 years, the permanent population of Teton County increased only 27 percent, but retail sales went up by 79 percent, and bank deposits nearly doubled.

Dr. W. Paul Strassman, of Michigan State University, in a report on economic growth in northern Michigan, pointed out that the leading industry of that region is the tourist industry and that it is more profitable than either mining, manufacturing, or agriculture. He stated that the main attraction of northern Michigan is "relief from the noise and tensions of city life at a cool expanse of forest and water." His conclusion as to the major step that could be taken to stimulate and promote economic development in the region was:

> If parks and recreational facilities are expanded generously, tourists will spend 100 to 150 percent more money in 1970 than the average of 1954–56. An area with a major industry that is likely to expand two or three times as fast as the national economy may, in this respect, consider itself fortunate.

Studies made at State parks have also shown the importance of parks in the economy of the surrounding area.

A banker living near Porcupine Mountains State Park in northern Michigan wrote that the park had established itself as an economic benefactor for Ontonagon County throughout the four seasons. According to his article in the magazine Michigan Conservation:

> Use of park facilities generates employment and new income for the service industries of the entire area. Serving as a major local attraction, the Porcupine Mountains State Park has acted as a catalyst in motel and cabin construction. Expenditures by tourists represent a sizable chunk of new and primary money that has been pumped into the economic bloodstream of the area, which to a very substantial degree helps stabilize and expand the country's economy.

Dr. Maurice Goddard, secretary of Pennsylvania's Department of Forests and Waters, in a speech at Angola, Ind., on February 23, 1961, said:

> The fact that the recreational facilities in a park draw from a wide area has served as a great economic boost to communities located near them. Presque Isle State Park on Lake Erie, for instance, was directly responsible for $10 million in new business last year for the city of Erie according to the Erie Chamber of Commerce. Indirectly, the benefits of recreation in the Erie area alone, totaled $33 million in 1959. The resulting impact on land values is interesting. At the new Gifford Pinchot State Park, south of Harrisburg, for instance, land values have more than tripled since the park was first announced and placed under construction. We took 2,300 acres out of tiny Warrington Township to create the park, yet the tax revenues in the township today are more than before we acquired the land. There is a very measurable economic dimension to recreational development and communities that ignore it are only denying themselves some very real benefits.

Mr. Speaker, the above is ample evidence of the stimulating effect that a national park has on an area. That the people of Idaho are aware of this effect is evidenced by the following paragraph from a letter I recently received from N. E. Van Sant, of Boise, Idaho:

> I had the pleasure of attending the opening ceremony of Old Faithful Inn in Yellowstone National Park early this May. One of the speakers was Thomas M. Murphy, director of State and community affairs for Western Air Lines. Mr. Murphy told of the package tours being put together by the airlines and travel agencies, and explained how they will bring more guests not only to Yellowstone Park, but will take them on to Glacier National Park in Montana and Grand Teton National Park in Wyoming. I waited and waited and waited for him to say where in Idaho these package tours would bring these needed extra tourists, but I waited in vain, for Idaho wasn't even mentioned. It seems we lack that magic word "national park" that seems so necessary to attract the vacationing tourist.

In the creation of a national park in the Sawtooths we do not face the multitude of problems that are often faced in the birth of a national park.

The land that would be included in such a park is presently all or nearly all federally owned, depending upon the finally determined park boundaries.

The area is limited in its multiple-use value other than for scenic use. There are no active mining operations in the area. There are no lumbering or timber operations being carried on in the area. Grazing is limited to a permit for some 9,600 sheep and a few horses, used by vacationers, and hunters, that graze within the area during short periods of the summer. There is no private property included within this area.

In addition to the national advertising including designation on all future maps and road atlases, national park status would provide for full development of the area for scenic value, including necessary roads and facilities to enable people to fully enjoy the Sawtooths as they now enjoy Yellowstone in Wyoming, Glacier in Montana, and the Olympic Peninsula in Washington.

When we further consider that nearly 90 million Americans visit the national parks annually and a great many of these spend their entire vacation traveling from one national park to the next, Idaho is missing a great economic potential by not having a national park. It is interesting to note that Idaho and Nevada are the only Western States without a national park.

The establishment of a Sawtooth National Park would entice many of the tourists who presently go from Yellowstone to Glacier and on to Washington State and others who presently travel from Yellowstone to the Utah national parks to spend a couple of days in Idaho visiting the Sawtooth National Park. Tourism is already a major producer of income in Idaho. A Sawtooth National Park would result in the increased business of the motel, service station, cafe, and servicing industries of the State of Idaho. Every small businessman knows that these tourist dollars benefit the entire economy of the State.

Idahoans in return would share the Sawtooths with Americans from throughout the United States who would enjoy a scenic beauty that is unsurpassed. Everyone who has visited the area raves of the majestic ruggedness of this great mountain range and the unsurpassed beauty of its lakes.

Not only Idaho, but the Nation as a whole would benefit from a Sawtooth National Park. However, we must decide the fate of the Sawtooths. Should they be left as at present a "primitive area" with limited access and facilities and no advertising? Should they be transferred from their present "primitive area" designation to a more permanent "wilderness area" status? Or finally should the Sawtooths be elevated to full national park status including the access roads, facilities and national advertising that would result from national park status?

Mr. Speaker, I am in favor of the latter. I am fully convinced that a Sawtooth National Park is in the best interests of Idaho and the Nation. Therefore, I am going to introduce legislation authorizing the creation of the Sawtooth National Park.

MINE SAFETY—H.R. 23

The SPEAKER pro tempore (Mr. LIBONATI). Under previous order of the House the gentleman from Pennsylvania [Mr. DENT] is recognized for 30 minutes.

Mr. DENT. Mr. Speaker, ever since I have been a Member of the Congress of the United States I have been trying to have adopted by the Congress an amendment to the Mine Safety Act which would cover title I mines under the Federal coal mine inspection law.

Up to this date the best we have been able to get is a bill as far as the Rules Committee. This year hearings have again been held on this legislation and we are hopeful that we can persuade the Rules Committee to join us in our efforts to stop the useless loss of life and the numerous injuries to coal miners working in mines employing 14 or less employees.

All of us were shocked a few days ago by the entombment of three miners in a small title I mine where the miners have been denied the benefits and protection of Federal mine safety inspection.

We are still hopeful that through the efforts of the United Mine Workers of America who, disregarding the fact that these miners are not members of their union, are putting an all-out effort forward to save these entombed men. From President John L. Lewis, through Tom Kennedy, and now under W. A. Boyle, president of the United Mine Workers, this organization has made a valiant effort to convince the Members of Congress that their sole interest in the passage of this legislation is in the welfare of the mineworkers, union or otherwise.

I believe the unselfish action of President "Tony" Boyle and his officers and members in working around the clock, giving all of their knowledge, and their own finances to the rescue work in this incident proves to the "doubting Thomases" the sincerity of the mineworkers' plea for mine safety legislation.

H.R. 23 needs support and it needs it from the Members of this Congress, particularly those among us who have coal mines in their districts. To show you how serious this matter is, I have been informed that at one stage hope was given up as to the possibilities that the men were still alive. The shaft was to be sealed and after a period of 30 to 40 days they would sink a new shaft to recover the bodies.

Joseph Fellin, a brother of one of the trapped men, approached the United Mine Workers of America officials in that area Friday night and asked them for their aid in continuing the rescue operation.

Mr. Martin Brennan, president of district 7, United Mine Workers of America; Mr. Emmett Thomas, and Mr. Boley Overa, international representatives of United Mine Workers of America, agreed that the plain bore hole drilling method was feasible. They in turn contacted President Boyle in Washington who instructed them to continue this work until these coal miners had been found. He also assigned Louis Evans to the area, who was former State secretary of mines, to render whatever assistance would be necessary for carrying out the drilling.

Again I wish to remove any doubt by some Members of Congress as to why the United Mine Workers of America has been supporting a bill which would place title I mines under the Federal coal mine safety law.

The action that is now being taken by the United Mine Workers organization in the rescue of these entombed men, who are working in this nonunion operation, should prove beyond any doubt that their only concern is the safety of each and every coal miner in the country.

This legislation has been introduced by many Members of the Congress, including such stalwarts in this Congress as the gentleman from Pennsylvania, Dr. THOMAS MORGAN, chairman of the Foreign Affairs Committee from the soft coal region of Pennsylvania and the gentleman from Pennsylvania, the Honorable DANIEL FLOOD, representing the hard coal region, the site of this disaster. Both these men have given of their time and efforts over the years sponsoring and supporting this legislation.

The inquiring reporter, Robert J. Salgado, from Philadelphia, has covered the story of the trapped miners which I believe should be made part of the RECORD at this time:

TWO TRAPPED MINERS DIRECTING RESCUE; FEAR GROWS FOR THIRD

(By Robert J. Salgado)

HAZLETON, August 19.—In an epic of courage, two miners trapped 300 feet underground directed their own rescue late Monday as fears were expressed for a third man buried behind a pile of debris.

David Fellin, 58, of Sheppton, part owner of the mine, and Henry Throne, 28, of Hazleton, were reported in good spirits. They directed rescue workers by a microphone lowered to their tunnel where they have been prisoners since last Tuesday.

But H. B. Charmbury, State mining secretary, said he was "quite concerned" about Louis Bova, 52, of Pattersonville, who was injured slightly in the cave-in and is cut off from Fellin and Throne by a wall of rubble.

BOVA SILENT

Fellin said via the loudspeaker to the surface that he and Throne have been talking to Bova at intervals, and that the miner apparently suffered an injury to his hip in the rockfall.

At last report, Bova had been silent for nearly 8 hours, but may have been asleep. It was additionally feared he may be in shock.

Fellin and Throne, rested and cheerful after their subterranean ordeal, cautioned workers on the surface to drill slowly down to them to prevent a recurrence of the cave-in.

MISSES MARK

A 6-inch hole being drilled to Bova's side apparently missed its mark and veered away to follow a line of rock stratum. The drill was recovered, and a second hole was begun 10 feet away from the first one at 8:32 p.m. It took 12 hours to drill the tiny hole to the two other men.

Fellin and Throne, meanwhile, had finished shoring up their side of the tunnel and reported to the surface that they were going to try to reach Bove, trapped across a 12-foot-wide mine slope.

HUGE DRILL

Above the trapped men, a huge drill capable of boring a 2-foot hole in the earth was being moved into position, scheduled to start operating at midnight.

The giant boring machine was rushed to the scene from Scranton. The machine will first drill with a 12¼-inch bit, which was flown from Dallas, Tex., and then will enlarge the opening with two wider bits.

The second bit was en route from Clearfield, Pa., and is 17½ inches wide. The third and final hole, through which it is hoped the miners will reach the surface, will be bored with a 24-inch bit. This was to be flown in from Los Angeles. The airplane carrying the largest drill was scheduled to arrive at International Airport in Philadelphia at 1:08 a.m. Tuesday.

DETERMINATION GROWS

Gone was the jubilation that arose when it was reported late Sunday night that the men had been found alive. In its place was a sense of grim determination as scores of volunteers and miners began the gigantic task of getting them out.

Relatives and friends of the trapped men continued their vigil, occasionally conversing with the men over the microphone setup.

Most of them wept openly and unashamed when word spread that the miners were alive. Nearly all of them offered thanks to God.

THERE'S A GOD

Fellin, speaking in a distorted voice to the surface crowd.

"If you don't believe in God, go through a thing like this. Then you'll know there's a God."

After the trapped miners were discovered, food, water, blankets, first-aid supplies, cigars, and the microphone were lowered into the first hole where Fellin and Throne were imprisoned. Fellin and Throne then took a nap.

The nap lasted into early Monday afternoon, after which Fellin gave instructions on where to drill the escape hatch.

He said not to worry about himself and Throne as they had about 9 feet in which to maneuver.

A mining official reported the distance down the slope was 420 feet. He said some timbers had "kicked out" on the east side of the slope, and the resultant fall of timbers, rock, and coal blocked 330 feet of the shaft. The fall, he said, was blocked by broken timbers and huge pieces of coal some 70 feet above the gallery where the men took refuge.

Fellin and Throne reported they were shoring up the gallery where the drill hole had reached them. At 3:10 p.m. Fellin reported the microphone had fallen apart.

"Do you have a new speaker up there," he asked. "This one's got three holes in it."

The speaker had been sent down the 6-inch hole about 2 a.m. Monday because the men's natural voices became muffled in the long trip to the top of the hole.

BOVA SILENT

Fellin reported later Monday that he had not talked for hours to Bova, separated from him by about 25 feet, but presumed he was sleeping.

He said he and the others jumped for the galleries when the mine started to fill up.

PERSISTENCE PAYS

The fact that the men were reached at all is a tribute to the hopeful persistence of friends and relations who insisted that rescue attempts continue even when plans had been talked over for abandoning the effort last Friday.

Black damp had been seeping from the collapsed slope and some experts believed it was impossible for the men to have survived this even if they had been unhurt in the fall.

A hose line still led into the mouth of the slope to force out the deadly black damp gas as the drilling continued.

Only workers and relatives were permitted in the area of the rescue operations. State police threw up roadblocks to keep curious at a distance.

CLOSED IN 1961

The mine, operated by Fellin, is owned by Gene Gibbons, who is not a miner.

Boley Overa, international representative of district 7, United Mine Workers, at Hazleton, said the mine had been closed in January of 1961 because of water.

He said Fellin went down in March to drill holes to get some of the water out and continued his visits 1 or 2 days a week.

Work of getting coal out of the mine was started on a steady basis a month ago.

DRILLING HOLES

The three men went down at 7 a.m. Tuesday to the bottom of the slope to drill additional holes to let water out. Two hours later the cave-in occurred.

Later, Fellin's brother, Joseph, went to the UMW and asked for help. Joseph, an experienced miner, has been retired. Overa said the UMW prevailed upon the State to find the equipment and drill the exploratory holes.

The first drilling rig started at 7:30 p.m. It came from Scranton. The other rig was brought in from Pittsburgh and began drilling at midnight Saturday.

THE DELAWARE STATE EMPLOYMENT SERVICE REBUTS LIFE MAGAZINE

Mr. SPEAKER pro tempore. Under previous order of the House the gentleman from Delaware [Mr. McDOWELL] is recognized for 15 minutes.

Mr. McDOWELL. Mr. Speaker, for several months, the public has been consistently exposed to concerted efforts by certain national organizations and lobbyists clearly designed to degrade in the public mind various Federal programs and agencies which have effectively served the public in the national interest through the great depression of the 1930's, several wars, and several recessions. Many Members of Congress believe that sound public policy, mercy, sympathy, and humaneness require that assistance be extended to millions of Americans who have yet to share fully in the gains of our affluent society. The great majority of voters, I am sure, share the concern held by many Members of Congress as to the disturbing and shocking school dropout problem, youth unemployment, lack of job opportunities, and the antisocial behavior which is rooted in large-scale unemployment and the deprivation and disappointment that accompany it and for which our society pays an unnecessary high price.

The U.S. Employment Service has been helping people find new jobs in those areas of commerce and industry where automation has now become an important factor in job dislocations. It has been signally successful in alleviating the human distress, loss of employment, and loss of livelihood caused by automation. That automation has become a matter of major concern in our onrushing industrial society is reflected by Life magazine which reported in an earlier issue that "today the machines are marching against the blue-collar workingman and the battle is elemental—the struggle for survival."

Unfortunately, nobility of concept, a trait normally exhibited by Life magazine, was conspicuously missing in the August 16 issue. In this particular issue the U.S. Employment Service was the victim of distorted reporting.

In a recent letter to the editor of Life magazine the chairman-executive director of the Employment Security Commission of the State of Delaware, Mr. Joseph A. Bradshaw, offered a rebuttal to these distortions, a rebuttal based on facts as they relate to the true role and activities of the U.S. Employment Service and its affiliates in the several States and territories.

Mr. Speaker, I include the text of Mr. Bradshaw's letter for the information of my colleagues, since Life magazine has not seen fit to print it:

STATE OF DELAWARE,
EMPLOYMENT SECURITY COMMISSION,
Wilmington, Del., August 15, 1963.

Mr. EDWARD K. THOMPSON,
Editor, Life Magazine,
New York, N.Y.

DEAR MR. THOMPSON: In brewing up your imaginary "pork casserole" your staff apparently closed its eyes to the ingredients on the label of the U.S. Employment Service, otherwise it is hard to imagine how the USES meets the requirements for such a poisonous potpourri as you have tried to concoct.

It is also hard to understand how a magazine such as Life can show so much insight, understanding and compassion in one issue, then turn around and show such a complete lack in a subsequent issue. Recently you presented a large, comprehensive and detailed study of automation and its effect upon employment. Your presentation was worthy of the highest praise. Why the about face? Why attack an agency in the forefront of the battle to help today's bewildered displaced and disoriented worker who can not earn a living through no fault of his own except that he is more expensive than a machine?

Life makes several basic errors, both of fact and of background, in its brief but powerful diatribe against the public employment service, which nevertheless is one of the most important stabilizing forces in our economy. It's a pity that such talents for polemics cannot be used on more deserving victims. Among the most important errors Life makes are:

1. Comparing the job assigned to the U.S. Employment Service in 1933 to its many diverse functions today is like comparing an abacus to an electronic computer. Such a comparison shows either lack of knowledge and insight or a complete disregard for the realities of those bitter years of the great depression.

2. Comparing the budget of the small pilot operation launched in 1933 to the present budget for a major service agency is like comparing a rowboat to an aircraft carrier. If we were to follow your reasoning to its logical conclusion, the National Aeronautics and Space Agency and the Air Force should be using Roman catapaults instead of guided missiles. In 1933, the USES received a limited budget with which to hire personnel who had none of the necessary background, experience, training, and education required even then. Today personnel requirements are infinitely higher than those required to certify recipients of relief, really the Employment Service's basic function in the 1930's.

3. The characteristics of the labor force and of the unemployed were far different from now. The population was less mobile, most job requirements for industry called for unskilled or semiskilled workers at best; job specifications changed little from year to year; less training or education was required then than today to fill even the best jobs. As a result a reasonably intelligent man then could qualify for a variety of jobs instead of one or two today (none when he has been displaced by machinery and his skill is no longer marketable).

4. Fortunately the meager million-dollar appropriation provided for the USES in 1933 to assist an army of 12,800,000 unemployed was not the only emergency program inaugurated by the Federal Government. There were the WPA, the PWA, the CCC, and other programs designed to provide employment and stimulate business and industry.

5. In 1962, the USES found jobs for nearly 1 million youth and provided special guidance and counseling for nearly 600,000.

6. The USES found jobs for more than 1,300,000 workers over age 45.

7. The USES led in efforts to break down discrimination in hiring.

8. The USES led the attack of problems of the long-term unemployed through the Manpower Development and Training Act and the Area Redevelopment Act.

While the Delaware agency cannot speak for the other States, we can rebut your statements as far as Delaware is concerned. We have no separate offices in slum areas for unskilled labor. All three of the States local offices serve all applicants in the same building and all receive as much service and assistance as this agency is able to provide. None of our offices have special parking facilities for applicants. Approximately 90 percent of our applicants are unemployed and receive first priority consideration. Most of Delaware's unemployed are those who have been laid off for lack of work or are new entrants in the labor market (graduates and dropouts from the State's high schools) who are looking for work. Only 10 percent of our applicants are looking for new or different types of work. We consider it a contribution to society if we can help the individual to better himself and if we can help employers to find the best possible workers.

It is interesting to note that the number of persons working for our Delaware State Employment Service (the State affiliate of the USES) is smaller now than in 1942, when the agency was under the War Manpower Commission. Then the demand for workers far exceeded the supply.

We are convinced that Life would present an entirely different view of the manpower and employment problems facing this country and how the USES is meeting them if you were to make a definitive study comparable to the one you made of automation and its effects on the jobseeker.

Very truly yours,
JOSEPH A. BRADSHAW,
Chairman-Executive Director.

STATISTICS USED IN THE FOREIGN AID LEGISLATION

Mr. CURTIS. Mr. Speaker, I ask unanimous consent to address the House for 10 minutes, to revise and extend my remarks, and to include extraneous matter.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Missouri?

There was no objection.

Mr. CURTIS. Mr. Speaker, I take this time to discuss further the statistics involved in the question of how much of our foreign aid is actually spent in the United States.

Mr. Speaker, yesterday during the debate on the foreign aid bill I interrogated the members of the committee in an effort to try to find out just what were the substantiating statistics behind the figure that they used on page 4 of the committee report, which was to the effect:

> It is estimated that 81 percent of the economic assistance funds obligated in fiscal 1963 will be spent in the United States.

And so forth.

Mr. Speaker, some information was provided during that discussion, on page 128 of the committee hearings, and likewise on page 1603 of the committee hearings. The only information, of course, in the report of the committee, as I pointed out yesterday, was page 1731 of the hearings, which turned out to be only in the appendix and consists of an unsigned statement, undated, so we cannot tell very much about it, purporting to be "AID comments on Passman letter."

Inasmuch as the Passman letter apparently was written on April 5, 1963, it must have been after that date, but this entry on page 1730 and page 1731 of the appendix of the hearings is really no more than a statement. The remarks on page 4 of the report really is a restatement of this, and all these are mere conclusions.

I might say that the statement by the witness on page 1603, John O. Teeter, vice president of Pfizer International, appearing on behalf of the U.S. Chamber of Commerce, is a bald statement, only it had a different figure:

> An estimated 84 percent of all current aid disbursements are now tied to purchases of U.S. goods and services and the Agency for International Development is seeking ways to increase the percentage to 90 to 95 percent, a step which incidentally considerably reduces the balance-of-payments strain on the U.S. economy.

There is no documentary evidence to support such a statement and, as a matter of fact, it is in conflict with the statement on page 1731.

Going to page 129 of the hearings, we get our first real information, which was provided apparently by Mr. Bell, Director of AID. This is a chart showing foreign assistance program expenditure analysis in millions of dollars, fiscal year 1962, fiscal year 1963—an estimate, by the way—and fiscal 1964, also an estimate. The chart follows:

Foreign assistance program expenditure analysis

[In millions of dollars]

	Fiscal year 1962				Fiscal year 1963 estimate				Fiscal year 1964 estimate			
	United States	Outside United States	Total	Percent, United States	United States	Outside United States	Total	Percent, United States	United States	Outside United States	Total	Percent, United States
Economic assistance	922.0	922.0	1,844.0	50	1,327.2	772.8	2,100.0	63	1,564.5	670.5	2,235.0	70
Commodities	517.8	298.0	815.8	--------	963.5	283.2	1,246.7	--------	1,002.0	185.0	1,187.0	--------
Cash transactions	--------	342.5	342.5	--------	57.0	195.9	252.9	--------	256.0	130.0	386.0	--------
Contributions to international organizations	--------	119.6	119.6	--------	7.9	106.6	114.5	--------	.5	136.0	136.5	--------
Other	404.2	161.9	566.1	--------	298.8	187.1	485.9	--------	306.0	219.5	525.5	--------
Military assistance	1,176.9	227.7	1,404.6	84	1,504.7	290.3	1,795.0	84	1,277.7	237.9	1,515.6	84
Offshore	--------	101.1	--------	--------	--------	113.0	--------	--------	--------	82.1	--------	--------
NATO infrastructure	--------	35.3	--------	--------	--------	84.8	--------	--------	--------	74.5	--------	--------
All other	--------	91.3	--------	--------	--------	92.5	--------	--------	--------	81.3	--------	--------
Total, economic and military	2,098.9	1,149.7	3,248.6	65	2,831.9	1,063.1	3,895.0	73	2,842.2	908.4	3,750.6	76

We find under these statistics the percent of economic assistance which is the program we are talking about, in 1962 50 percent was spent in the United States. The estimate—again only an estimate—for fiscal 1963 is 63 percent, and the estimate for fiscal 1964 is 70 percent.

One has to go back a little bit in the testimony of Mr. Bell to begin to get any reference to an 80-percent figure.

On page 108 of the committee hearings Mr. Bell makes this statement:

> Second. During the present period of U.S. balance-of-payments difficulties, the adverse effect of our aid program must be reduced to the minimum consistent with our foreign policy objective.

If you increase this to 80 percent you are being inconsistent with your foreign policy objectives.

To continue to quote:

> Again, procedures for programing and procurement have been put into effect which have raised the proportion of the 1963 funds that will be spent in the United States to over 80 percent, as shown in the accompanying chart.

The accompanying chart does not show that.

> In 1964 and future years we intend to raise this proportion even further. Expenditures outside of the United States will only be made in cases where program objectives would otherwise be jeopardized.

On page 110 of the hearings, the bottom of the page, is a diagram of procurement in United States under the AID program, which I again point out does not conform with the table that appears on page 29, although it is a little bit consistent, more consistent, because it shows their estimated expenditures in the United States 50 percent, which conforms to that figure for 1962. For 1963 they have 63 percent, which does conform, and the 70 percent conforms. But the next reference in the diagram has this statement, "Obligational basis," and here is the first time we begin to get these 80-percent figures: 81 percent in 1963 and 85 percent in 1964. This is estimated obligation for expenditures in the United States. Here is where a lot of this confusion comes from.

On page 127 of the hearings our colleague, the gentleman from Georgia [Mr. PILCHER], interrogates Mr. Bell and asks him about that. On page 127 Mr. Bell says this:

> Mr. PILCHER, if you will note the chart, the expenditures in fiscal year 1962 were certainly not 80 percent in the United States. They were only 50 percent, for the reason that in prior years, when those commitments were made, we did not have the policies that we have today.
>
> Mr. PILCHER. That 50 percent——
>
> Mr. MONAGAN. What chart?
>
> Mr. BELL. The chart in my testimony, Mr. MONAGAN, that is after page 11. The statement I made was that, of the funds now being committed in fiscal 1962, we expect that 81 percent of those funds will be spent in the United States. Some of them won't be spent for some time because they are for projects——

And then it breaks off.

The point is this, that the expenditure rate for fiscal 1962, 1963, and 1964 depends to a large degree on obligations that have been committed in prior years. As you blend in your commitments in the contracts where you obligate your new funds you may come in with an 81 percent, but if you are mixing it with a 50 percent you are going to be some time before you reach this so-called 81 percent.

In the testimony before the Committee on Ways and Means this morning by Mr. Ames, president of the Investment Bankers Association of America, and Andrew Overby, chairman of the IBA Foreign Investment Co.—this incidentally was on the Interest Equalization Tax Act of 1963—Mr. Overby makes this statement on page 14 of his mimeographed copy:

> It is estimated that something over 50 percent of AID expenditures are currently being spent on U.S. goods, and it is our understanding that an 80-percent target has been set.

I asked him where he got those figures. He said he was not quite sure himself, but it looked like 50 percent was an accurate figure. That is the only accurate figure we have. All these others are estimates, and even that figure of 50 percent is one I questioned. I want to know where are the working papers behind this figure and how these sums have been computed.

Mr. ZABLOCKI. If the gentleman will yield, I will be happy to try to inform the gentleman about the working papers.

Mr. CURTIS. I will yield when I have finished here, but I am doing this because I want to get information.

The SPEAKER pro tempore. The time of the gentleman from Missouri has expired.

Mr. CURTIS. Mr. Speaker, I ask unanimous consent to proceed for 5 additional minutes.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Missouri?

There was no objection.

Mr. CURTIS. Part of this confusion arises from narrative statements that have been made by the press and the President.

President Kennedy in his message to Congress on April 3, 1963, said:

> A few years ago, more than half of U.S. economic aid funds were spent abroad, contributing to the drain on our dollars and gold.
>
> Of our current commitments, over 80 percent will be spent—

Note the "will be"—

> spent in the United States, contributing to the growth of our economy and employment opportunities.

It is this kind of very loose presentation that has permitted the press and even the committee to make these statements on the floor of the House to the effect that 80 percent is an actuality, when actually this is only what is anticipated in the future. Indeed, the statement appearing on page 4 of the committee report is highly inaccurate in the light of this. And the statement of AID which appears in the appendix of the hearing is inaccurate and can only lead to a deception as to the real impact of the foreign aid programs on the balance of payments.

Mr. FASCELL. Mr. Speaker, will the gentleman yield?

Mr. CURTIS. I yield to the gentleman.

Mr. FASCELL. I thank the gentleman for yielding. I am very happy indeed that the gentleman from Wisconsin [Mr. ZABLOCKI] and I are here to listen to the gentleman because otherwise I doubt that he would have gotten the information that he took the time to seek by making this speech on his special order. I am sure he would have gotten it anyway, of course.

Mr. CURTIS. I will say this to the gentleman. If the committee had given me time during the general debate, I would have been happy to go into this, but I think the gentleman from Florida was here during the debate this afternoon and he could see that there was not much opportunity for Members who were not on the committee, or speaking with reference to a particular amendment, to participate in the debate.

Mr. FASCELL. The gentleman from Missouri is one of the leaders in this House and I am sure he would not want to leave the impression in the RECORD or otherwise that he could not be recognized on a pro forma amendment under the 5-minute rule to ask any kind of question he wanted to.

Mr. CURTIS. Not as a matter of procedure—no, but under the circumstances of the debate on these amendments, I did not think it was appropriate to take time on something that was not related to these amendments. My idea was to put this in the RECORD. In fact, the reason I did not type it out and just hand it in is that I am quoting from about four different documents and I thought it would be best to have it in the RECORD and then just refer to it tomorrow as I intend to do, so that we could move forward on this. I am very pleased that the gentleman is here because if he can contribute further information in this area, I know I will be very, very happy to get it.

Mr. FASCELL. I will be delighted to offer information on the subject, if the gentleman will yield.

Mr. CURTIS. I yield to the gentleman.

Mr. FASCELL. But before I do so, I would like some assurance as to how the gentleman is going to characterize the information because so far I have heard the words "deception," "fraud."

Mr. CURTIS. Yes.

Mr. FASCELL. And the word "mistake."

Mr. CURTIS. I do not think I have used the word "fraud."

Mr. FASCELL. The gentleman used the word "inaccurate."

Mr. CURTIS. But I do not think I have used the word "fraud," I will say to the gentleman.

Mr. FASCELL. I am delighted to hear the gentleman is not going to use that word and that no one could infer that. But I do think he did use the word "deception."

Mr. CURTIS. Yes, I did. I said what it does is it tends to deceive—and I think it does.

Mr. FASCELL. Which would indicate, as I understand the gentleman's remarks—an intentional desire.

Mr. CURTIS. Oh, yes, oh, yes—I think there is. I think there is an intentional desire.

Mr. FASCELL. Which would indicate, as I understand the gentleman's remarks, an intentional desire on the part of the persons who were testifying.

Mr. CURTIS. Yes, I think there is an intentional desire on the part of the AID and their public relations department. There is no question in my mind.

Mr. FASCELL. And an intentional desire on the part of the Committee on Foreign Affairs.

Mr. CURTIS. No, no.

Mr. FASCELL. Both Republicans and Democrats.

Mr. CURTIS. No, I do not say that because I think they were relying on the material and on the statements that were made to them. My criticism of the committee is that they did not interrogate in depth in this area so that we could find out what the situation was. That has been my only criticism of the committee. No, I do not think the committee was doing anything intentional in that way. I think they were relying on the data that AID provided.

Mr. FASCELL. Now on that point then, may I inquire if the gentleman will yield further?

Mr. CURTIS. Yes, I yield.

Mr. FASCELL. Now using the very chart the gentleman uses as the basis for his charge, reading from the chart on page 110.

Mr. CURTIS. That is a graph and not a chart.

Mr. FASCELL. You called it a chart, but if I may use the word that my colleague used.

Mr. CURTIS. I was referring to the chart on page 129, if you are referring to the chart.

Mr. FASCELL. Using the words that the gentleman used, if I may be permitted to do so then, referring to the graph on page 110 of the hearings—are we talking of the same thing?

Mr. CURTIS. Yes, we are.

The SPEAKER pro tempore (Mr. LIBONATI). The time of the gentleman from Missouri has expired.

Mr. ZABLOCKI. Mr. Speaker, if the gentleman from Missouri has completed his special order, the House is ready to adjourn. But the motion to adjourn will be suspended if the gentleman cares to ask for additional time, and if he wants information along the line that he has indicated, I suggest the gentleman ask unanimous consent to proceed further.

Mr. CURTIS. If you do not care to make the request, I will do so.

Mr. ZABLOCKI. Mr. Speaker, I ask unanimous consent that the gentleman may have 5 additional minutes to get the information because I think he has made some very serious charges.

Mr. CURTIS. Yes, I have.

Mr. ZABLOCKI. The gentleman has stated that there were inaccuracies in the report.

Mr. CURTIS. Yes.

Mr. ZABLOCKI. The gentleman has stated that there were inaccuracies in the report of the committee and in the hearings by witnesses. Therefore, Mr. Speaker, I renew the unanimous-consent request that the gentleman have 5 additional minutes to enlarge on that.

The SPEAKER pro tempore. If there is no objection, the gentleman from Missouri is recognized for 5 additional minutes.

There was no objection.

Mr. CURTIS. Mr. Speaker, I yield to the gentleman from Wisconsin.

Mr. ZABLOCKI. The gentleman questioned the reason why some of the figures differed in the chart on page 4 of the report and on page 129 of the hearings and in the comments of the gentleman from Louisiana's [Mr. PASSMAN] letter on page 1730 of the hearings.

Mr. CURTIS. That is right.

Mr. ZABLOCKI. I am sure the gentleman knows the reason why the percentage of expenditures of foreign aid money in the United States increased in recent years. It was as a result of the buy-America policy.

Mr. CURTIS. I know what the reason is.

Mr. ZABLOCKI. This policy, as the gentleman knows, was enacted 2 years ago. If the gentleman had read a bit further on page 128 of the hearings, he would have found that Mr. Bell——

Mr. CURTIS. I read it.

Mr. ZABLOCKI. But the gentleman did not quite finish Mr. Bell's testimony. The gentleman did not read the reply of Mr. Bell to the gentleman from Georgia [Mr. PILCHER]. Mr. Bell states:

> These figures do include an estimate of the amount of money that our employees abroad spend abroad and the amount they return to the United States in savings accounts or for purchases of U.S. commodities.
>
> Furthermore, this incidentally is based on a survey of the actual spending experience of our employees. We have tried to find out from contractors where they spend the funds we make available to them. This estimate has been prepared on the basis—

Mr. CURTIS. Let us go ahead and finish.

Mr. ZABLOCKI. These are the working papers.

Mr. CURTIS. Let us finish the quotation.

Mr. ZABLOCKI. Will the gentleman yield further?

Mr. CURTIS. Yes. But I first want to get the final quotation of the gentleman from Georgia [Mr. PILCHER].

Mr. ZABLOCKI. The gentleman from Georgia [Mr. PILCHER] interrupted and said:

> That is what you hope will be spent.

And Mr. Bell said:

> What the contractors tell us on the average they do spend. We will be glad to supply for the record the further information.

Mr. CURTIS. And "The information is as follows." And the only information is the chart. In this instance it is a chart on page 129, and that is all. There are no working papers, and none of this information is here. There is a blank half page.

Mr. ZABLOCKI. Mr. Bell never advised the committee he was going to supply the working papers.

Mr. CURTIS. He said we will supply for the record further information, and the only information is this chart here.

The point I am making to the gentleman from Wisconsin is that the only information that follows is this chart which I refer to on page 129, and these are not the working papers, but there is a breakdown, and that is the breakdown, apparently, which is the basis for the graph that appears on page 110 that the gentleman from Florida and I were discussing.

Mr. ZABLOCKI. Will the gentleman yield further?

Mr. CURTIS. Yes.

Mr. ZABLOCKI. Of course the working papers were not included. The volume of hearings is 1,790 pages long. If the working papers were included, we would have a tremendous volume. But I do want to point out, if the gentleman will yield further, that the chart on page 129 refers only to the expenditures in the United States from the foreign assistance program, both economic and military assistance, including offshore, NATO infrastructure and other military expenditures. The comments on page 1730 of the hearings include beside the foreign aid program, the Export-Import Bank, the food-for-peace program, and the Peace Corps. That is why the percentage is higher in the estimates made by AID on that page.

Mr. CURTIS. Exactly.

Mr. ZABLOCKI. If the gentleman had read AID comments on the Passman letter carefully, he would have known that.

Mr. CURTIS. As a matter of fact, I will say I did read them carefully, and that is why I said some of this is, in my judgment, designed to deceive because it is carefully pointed out, just as the gentleman says, and I will read it, because I have it underlined in my book:

> Most of the expenditures in the foreign aid program are in the United States and do not cause any outflow of gold or dollars.

This I deny and say is untrue.

> The total amount of the U.S. foreign assistance effort [including economic assistance, military assistance, Export-Import bank, food for peace, and the Peace Corps] which is obligated for expenditure in the United States—

Notice the word "obligated," not "expended." This is all in the future—

> is between 85 and 90 percent.

This I do not believe is so. And in this instance I am not impugning motives because I do not know; other than to say that these are unsubstantiated conclusions, and if these are true then the very theory of the foreign aid program is being undermined.

SPECIAL ORDERS GRANTED

By unanimous consent, permission to address the House, following the legislative program and any special orders heretofore entered, was granted to:

Mr. McDowell, for 15 minutes, today.

Mr. Giaimo, for 30 minutes, on August 22.

Mr. Morrison, for 30 minutes, on August 22.

EXTENSION OF REMARKS

By unanimous consent, permission to extend remarks in the Congressional Record, or to revise and extend remarks, was granted to:

Mr. Harding in two instances and to include extraneous matter.

Mr. Purcell.

(The following Member (at the request of Mr. Findley) and to include extraneous matter:)

Mr. Cunningham, notwithstanding the fact it exceeds two pages of the Record and is estimated by the Public Printer to cost $337.50.

(The following Member (at the request of Mr. Zablocki) and to include extraneous matter:)

Mr. Macdonald.

SENATE BILLS, JOINT RESOLUTION, AND CONCURRENT RESOLUTION REFERRED

Bills, a joint resolution, and a concurrent resolution of the Senate of the following titles were taken from the Speaker's table and, under the rule, referred as follows:

S. 31. An act for the relief of Sonja Dolata; to the Committee on the Judiciary.

S. 49. An act to provide for the establishment of the Alaska Centennial Commission, to cooperate with the State of Alaska to study and report on the manner and extent to which the United States shall participate in the celebration in 1967 of the centennial anniversary of the purchase of the Territory of Alaska, and for other purposes; to the Committee on the Judiciary.

S. 71. An act for the relief of Mr. and Mrs. Juan C. Jacobe, and their four children, Angela Jacobe, Teresita Jacobe, Leo Jacobe, and Ramon Jacobe; to the Committee on the Judiciary.

S. 198. An act for the relief of Mother Azucena de San José (nee Carmen Hernández Aguilar); to the Committee on the Judiciary.

S. 202. An act for the relief of Yom Tov Yeshayahu Briszk; to the Committee on the Judiciary.

S. 212. An act for the relief of Yoo Sei Chun; to the Committee on the Judiciary.

S. 479. An act for the relief of Chung K. Won; to the Committee on the Judiciary.

S. 561. An act for the relief of Karolina Rado; to the Committee on the Judiciary.

S. 585. An act for the relief of Agaram K. Sreekanth; to the Committee on the Judiciary.

S. 669. An act for the relief of Vincenzo DeLucia and Angela DeLucia; to the Committee on the Judiciary.

S. 789. An act for the relief of Sister Maria Clotilde Costa; to the Committee on the Judiciary.

S. 820. An act for the relief of Faustino G. Dumaplin, Jr.; to the Committee on the Judiciary.

S. 838. An act for the relief of George Crokos; to the Committee on the Judiciary.

S. 1097. An act for the relief of Despina J. Sanios; to the Committee on the Judiciary.

S. 1272. An act for the relief of Viktor Jaanimets; to the Committee on the Judiciary.

S. 1313. An act for the relief of Tim L. Yen; to the Committee on the Judiciary.

S. 1570. An act for the relief of Dulcie Ann Steinhardt Sherlock; to the Committee on the Judiciary.

S. 1678. An act for the relief of Margaret Ann Cover; to the Committee on the Judiciary.

S. 1828. An act to amend the joint resolution establishing the Battle of Lake Erie Sesquicentennial Celebration Commission so as to authorize an appropriation to carry out the provisions thereof; to the Committee on the Judiciary.

S. 1914. An act to incorporate the Catholic War Veterans of the United States of America; to the Committee on the Judiciary.

S. 1942. An act to incorporate the Jewish War Veterans of the United States of America; to the Committee on the Judiciary.

S.J. Res. 87. Joint resolution providing for the designation of the week commencing September 8, 1963, as "National Public Works Week"; to the Committee on the Judiciary.

S. Con. Res. 57. Concurrent resolution favoring the suspension of deportation of certain aliens; to the Committee on the Judiciary.

ENROLLED BILLS SIGNED

Mr. BURLESON, from the Committee on House Administration, reported that that committee had examined and found truly enrolled bills of the House of the following titles, which were thereupon signed by the Speaker:

H.R. 7824. An act to continue, for the period ending November 30, 1963, the existing temporary increase in the public debt limit set forth in section 21 of the Second Liberty Bond Act;

H.R. 1206. An act for the relief of Kazimierz Krupinski;

H.R. 1232. An act for the relief of Asterio Quitoriano;

H.R. 1237. An act for the relief of Clara G. Maggiora;

H.R. 1276. An act for the relief of Federico Lopez-Blanco;

H.R. 1366—An act for the relief of Vagharshag Hovannes Danielian;

H.R. 1393. An act for the relief of Janet Lundie Farmer;

H.R. 1398. An act for the relief of Margaret Barker;

H.R. 1499. An act for the relief of John (Ivica) Beg Farkas and Ann (Anka) Beg Farkas;

H.R. 1731. An act for the relief of Eva Baker;

H.R. 1876. An act for the relief of Mrs. Rita M. Bravi;

H.R. 2207. An act for the relief of Francesco Di Giacomo;

H.R. 2239. An act for the relief of Annunziata Sabatini;

H.R. 2287. An act for the relief of Shin Sook (Renee) Whang;

H.R. 2309. An act for the relief of Luigi Giuseppe Luraschi;

H.R. 2444. An act for the relief of Mrs. Mabel Constance Kennedy;

H.R. 2450. An act for the relief of Lucia Carta Gallitto;

H.R. 2765. An act for the relief of Mirko Jaksic;

H.R. 3218. An act for the relief of Mrs. Kazuko (Joseph James) Kapp;

H.R. 3629. An act for the relief of Pong Yong Jin (also known as Pang Yong Chin);

H.R. 5094. An act for the relief of Geoffrey Howard Smith;

H.R. 5507. An act for the relief of Michal Goleniewski;

H.R. 5834. An act for the relief of Anthony Joseph Calandi; and

H.R. 6567. An act for the relief of Anthony Harry Giazikis.

ADJOURNMENT

Mr. ZABLOCKI. Mr. Speaker, I move that the House do now adjourn.

The motion was agreed to; accordingly (at 5 o'clock and 41 minutes p.m.) the House adjourned until tomorrow, Thursday, August 22, 1963, at 12 o'clock noon.

EXECUTIVE COMMUNICATIONS, ETC.

Under clause 2 of rule XXIV, executive communications were taken from the Speaker's table and referred as follows:

1140. A letter from the Comptroller General of the United States, transmitting a report on the need for more effective management action to reduce costs by filling private physicians' prescriptions in Veterans' Administration pharmacies under the program for hometown medical care; to the Committee on Government Operations.

1141. A letter from the Assistant Secretary of the Interior, transmitting a proposed amendment to the concession contract with Evelyn Hill, Inc., Statue of Liberty National Monument, which will extend the expired contract to December 31, 1963, pursuant to 70 Stat. 543; to the Committee on Interior and Insular Affairs.

1142. A letter from the Assistant Secretary, Department of Health, Education, and Welfare, transmitting a draft of a proposed bill entitled "A bill for the relief of Mrs. Annette M. Rasor and Dr. Robert W. Rasor"; to the Committee on the Judiciary.

1143. A letter from the Deputy Administrator, National Aeronautics and Space Administration, transmitting a report to the Committee on Science and Astronautics of the House of Representatives pursuant to section 3 of the National Aeronautics and Space Administration Authorization Act for the fiscal year 1963 (76 Stat. 383); to the Committee on Science and Astronautics.

1144. A letter from the Secretary of the Treasury, transmitting a draft of a proposed bill entitled "A bill to further amend section 24 of the Federal Reserve Act, as amended (12 U.S.C. 371), to liberalize the conditions of loans by national banks on forest tracts"; to the Committee on Banking and Currency.

REPORTS OF COMMITTEES ON PUBLIC BILLS AND RESOLUTIONS

Under clause 2 of rule XIII, reports of committees were delivered to the Clerk for printing and reference to the proper calendar, as follows:

Mr. O'BRIEN of New York: Committee on Interior and Insular Affairs. H.R. 6225. A bill to provide for the rehabilitation of Guam, and for other purposes; with amendment (Rept. No. 692). Referred to the Committee of the Whole House on the State of the Union.

Mr. STAGGERS: Committee on Interstate and Foreign Commerce. Report on pulp, paper and board supply-demand (Rept. No. 693). Referred to the Committee of the Whole House on the State of the Union.

Mr. HARRIS: Committee on Interstate and Foreign Commerce. S. 1576. An act to provide assistance in combating mental retardation through grants for construction of research centers and grants for facilities for the mentally retarded and assistance in improving mental health through grants for construction and initial staffing of community mental health centers, and for other purposes; with amendment (Rept. No. 694). Referred to the Committee of the Whole House on the State of the Union.

Mr. CELLER: Committee on the Judiciary. H.R. 7235. A bill to amend sections 671 and 672 of title 28, United States Code, relating to the Clerk and the Marshal of the Supreme Court; with amendment (Rept. No. 695). Referred to the Committee of the Whole House on the State of the Union.

PUBLIC BILLS AND RESOLUTIONS

Under clause 4 of rule XXII, public bills and resolutions were introduced and severally referred as follows:

By Mr. FOGARTY:

H.R. 8185. A bill to amend the Federal Property and Administrative Services Act of 1949 to permit donations of surplus property to volunteer firefighting organizations, and for other purposes; to the Committee on Government Operations.

By Mrs. GRIFFITHS:

H.R. 8186. A bill to amend title I, "Tariff Schedules of the United States, of the Tariff Act of 1930, as amended by the Tariff Classification Act of 1962," to correct certain inequities in the classification and duty provided for certain aluminum products, television picture tubes, and for other purposes; to the Committee on Ways and Means.

By Mr. HANNA:

H.R. 8187. A bill to provide for the issuance of a special postage stamp in honor of the girls' State program of the American Legion; to the Committee on Post Office and Civil Service.

By Mr. HAWKINS:

H.R. 8188. A bill to amend the Immigration and Nationality Act, and for other purposes; to the Committee on the Judiciary.

By Mr. LIBONATI:

H.R. 8189. A bill declaring October 12 to be a legal holiday; to the Committee on the Judiciary.

By Mr. WILLIS:

H.R. 8190. A bill to fix the fees payable to the Patent Office and for other purposes; to the Committee on the Judiciary.

By Mr. GONZALEZ:

H.R. 8191. A bill to amend title 18, United States Code, to prohibit the publication or distribution of fraudulent endorsements of candidacies; to the Committee on the Judiciary.

By Mr. JOELSON:

H.R. 8192. A bill to amend the Veterans' Pension Act of 1959 to give certain veterans an election as to the pension laws that will be applicable to them, and for other purposes; to the Committee on Veterans' Affairs.

By Mr. LAIRD (by request):

H.R. 8193. A bill to provide that where the entitlement of a veteran, widow, or child to a pension from the Veterans' Administration is based upon the veteran's having served in World War I, the beneficiary shall if otherwise eligible have the right to elect payment of pension under either the provisions of title 38 as in effect on June 30, 1960, or as amended by the Veterans' Pension Act of 1959, whichever provides the greater benefit; to the Committee on Veterans' Affairs.

By Mr. POOL:

H.R. 8194. A bill to amend the Internal Revenue Code of 1954 to provide more equitable treatment of capital losses sustained by individual taxpayers; to the Committee on Ways and Means.

By Mr. PURCELL:

H.R. 8195. A bill to amend section 510 of title V of the Agricultural Act of 1949, as amended; to the Committee on Agriculture.

By Mr. RYAN of New York:

H.R. 8196. A bill to provide readjustment assistance to veterans who serve in the Armed Forces during the induction period; to the Committee on Veterans' Affairs.

By Mr. TEAGUE of California:

H.R. 8197. A bill to amend section 510 of title V of the Agricultural Act of 1949, as amended; to the Committee on Agriculture.

By Mr. RYAN of New York:

H.R. 8198. A bill to amend the National Defense Education Act of 1958 in order to permit funds appropriated under title III of that act to be used for the acquisition of equipment for use in teaching the English language to students whose pirmary language is not English; to the Committee on Education and Labor.

By Mr. BOW:

H.R. 8199. A bill to amend the act of August 5, 1953, creating the Corregidor-Bataan Memorial Commission, to provide that the Corregidor-Bataan memorial shall include a Corregidor-Bataan Memorial High School, and for other purposes; to the Committee on Foreign Affairs.

By Mr. HÉBERT:

H.R. 8200. A bill to further amend the Federal Civil Defense Act of 1950, as amended, to provide for shelter in Federal structures, to authorize payment toward the construction or modification of approved public shelter space, and for other purposes; to the Committee on Armed Services.

By Mr. KUNKEL:

H.J. Res. 656. Joint resolution to provide for a study of needed Federal-aid highway programs for 10 years following the termination of the present interstate and defense highway program by requiring the Secretary of Commerce to make a comprehensive investigation and study of highway traffic and needs based upon 20-year projections, and the changes determined necessary in the Federal-aid highway systems as a result thereof, and to report the results of such study and his recommendations for a 10-year highway program commencing June 30, 1972, to Congress; to the Committee on Public Works.

By Mr. McLOSKEY:

H.J. Res. 657. Joint resolution to provide for a study of needed Federal-aid highway programs for 10 years following the termination of the present interstate and defense highway program by requiring the Secretary of Commerce to make a comprehensive investigation and study of highway traffic and needs based upon 20-year projections, and the changes determined necessary in the Federal-aid highway systems as a result thereof, and to report the results of such study and his recommendations for a 10-year highway program commencing June 30, 1972, to Congress; to the Committee on Public Works.

By Mr. ULLMAN:

H.J. Res. 658. Joint resolution authorizing and requesting the President to proclaim 1964 as "See America Year," and for other purposes; to the Committee on the Judiciary.

PRIVATE BILLS AND RESOLUTIONS

Under clause 1 of rule XXII, private bills and resolutions were introduced and severally referred as follows:

By Mr. KILGORE:

H.R. 8201. A bill for the relief of Maj. Jack J. Shea, U.S. Air Force; to the Committee on the Judiciary.

By Mr. O'KONSKI:

H.R. 8202. A bill for the relief of Josef Enzinger; to the Committee on the Judiciary.

By Mr. TEAGUE of California:

H.R. 8203. A bill for the relief of Robert Peraza; to the Committee on the Judiciary.

EXTENSIONS OF REMARKS

Democrats Urge Ties With Cuba

EXTENSION OF REMARKS
OF

HON. RALPH R. HARDING

OF IDAHO
IN THE HOUSE OF REPRESENTATIVES

Wednesday, August 21, 1963

Mr. HARDING. Mr. Speaker, the Washington Evening Star, on August 19, carried the following account of resolutions adopted by Young Democrats from 13 Western States in a convention at Berkeley, Calif.:

> DEMOCRATS URGE TIES WITH CUBA
>
> BERKELEY, CALIF., August 19.—Young Democrats from 13 Western States ended their convention in Berkeley yesterday with resolutions concerning Cuba, civil rights, and American military deployment.
>
> A total of 32 resolutions demanded, among other things, that the United States resume diplomatic relations with Cuba, that the August 28 Negro civil rights parade on Washington be "carried out as planned," that a nonaggression pact be signed between NATO and Communist Warsaw Pact nations and that the United States withdraw its troops from South Vietnam.
>
> Other points covered included demands for the abolition of the House Committee on Un-American Activities, repeal of the McCarran Internal Security Act, revision of the McCarran-Walter Immigration Act, the elimination of compulsory arbitration in strikes and abolition of the death penalty.
>
> The delegates condemned various organizations, the aim of which they said is to limit the civil rights of nonwhites. These included, the Young Democrats said, the John Birch Society, the Americans for Constitutional Action and the Christian Crusade.

I find that I am in personal disagreement with several of the resolutions. While I respect the views of those on opposite sides of most of these issues, Mr. Speaker, I believe that the three resolutions demanding the signing of the nonaggression pact between NATO and Communist Warsaw Pact nations, the resumption of diplomatic relations with Cuba and the withdrawal of U.S. troops from South Vietnam are not only unwise but extreme.

I have not hesitated to denounce extremism on the right and point out the folly of withdrawing from the U.N., abolishing the Federal income tax, or impeaching members of the Supreme Court. By the same token I feel I have an obligation to oppose extremism on the left and that is exactly what I consider these three resolutions to be which were reportedly adopted by Western Young Democrats at San Francisco.

When we consider that today the President of the United States with the advice of the Central Intelligence Agency, the Department of Defense, the Department of State, and the Justice Department—including the FBI—is making intelligent decisions on NATO, Cuba, and South Vietnam, I believe that it is not only unwise but extreme for any group of young Americans, be they Democrats or Republicans, to adopt these resolutions that were reportedly adopted at San Francisco.

Therefore, Mr. Speaker, I want to completely disassociate myself from these three resolutions. I hope that the various State Young Democrat Committees as well as the National Young Democrats will let the people of America know that they support our President in his decisions on NATO, Cuba, and South Vietnam and disassociate themselves from these three extremist, leftwing resolutions reportedly adopted at San Francisco.

Boyd's Board in Blunderland

EXTENSION OF REMARKS
OF

HON. TORBERT H. MACDONALD

OF MASSACHUSETTS
IN THE HOUSE OF REPRESENTATIVES

Wednesday, August 21, 1963

Mr. MACDONALD. Mr. Speaker, the Civil Aeronautics Board is in the midst of another blunder. This time the blunder is a multimillion one. This Boyd Board blunder directly involves the livelihood of 2,100 Northeast Airline employees and irrevocably injures the air service presently being enjoyed by the entire Eastern Seaboard.

The Boyd Board decision, a tragic comedy of error in reasoning, is a matter of grave concern to the people of New England. The present availability of air transportation has enhanced the Greater Boston area as one of the foremost educational, cultural, scientific, and medical centers of the world. Air transportation by three major carriers has helped to make tourism the third largest industry in Massachusetts and the mainstay of the summer economy of Maine, New Hampshire, and Vermont. All the taxpayers of the United States, along with the traveling public in the Eastern Seaboard, have just cause for alarm over a 3–2 Civil Aeronautics Board decision denying Northeast Airlines all routes south of New York.

With his right hand, Chairman Boyd, together with two other members of the Civil Aeronautics Board, has taken away Northeast Airline's only lucrative runs. With his left hand, Boyd has gently patted Northeast Airlines and its 2,100 employees with the false reassurance: "Don't worry, the taxpayers of the United States will now subsidize you as a regional carrier." Chairman Boyd's proposed subsidy represents a cost of at least $3.7 million of the taxpayers money. This figure, while being Mr. Boyd's estimate, could possibly exceed $4.5 million, according to the testimony of record in the Board proceeding. The $3.7–$4.5 million price tag is only one aspect of the multimillion-dollar loss engendered by the Boyd Board decision. Chairman Boyd failed to note that Northeast Airlines had saved the taxpayers of the United States some $15 million as a result of their subsidy-free operation of its New England routes during the past 7 years.

The timing of the Civil Aeronautics Board pronouncements is open to serious question. In 1962, the Civil Aeronautics Board approved the acquisition of Northeast Airlines by the Hughes Tool Co. on the basis that it would improve the airline's financial prospects. On July 22, 1963, the Hughes Tool Co. announced that it had put up $26 million to take care of Northeast's debt. Instead of proceeding to examine the effect of this major refinancing, the Boyd Board issued a press release only 4 days later on July 26, 1963, and announced their intention to deny Northeast of all routes south of New York. To add insult to injury, the Boyd Board delivered its "final" decision on the Northeast Airlines case at 10 minutes of 10 on Thursday morning, August 15, 1963. At 10 o'clock that same day, the Senate Aviation Committee was scheduled to hold a hearing on airline service to the New England States.

After reading and rereading the Boyd majority opinion, I was shocked and dismayed with the shallow and shortsighted reasoning expressed by the Chairman of this quasi-judicial agency entrusted with a congressional mandate to safeguard the public interest. The Washington Post, certainly a neutral in this matter, in an editorial of August 17, 1963, entitled "Airline Amputation," stated:

> Issuing what amounts to a death sentence for an airline which has reduced fares and has been holding its own in the vigorous competition for traffic on the Florida route is a step that should not have been taken without a closely reasoned explanation.

Instead of a "closely reasoned explanation," the Boyd majority opinion is a tremendous display of illogic, inconsistency, and absurdity. The minority opinion correctly concludes:

> The majority decision does not rest upon any major policy grounds. It does not go beyond holding that Northeast shall not be permitted now, and now only, to furnish services in the Boston-New York-Florida markets. It establishes no guidelines, which the industry has a right to expect, as to the degree of competition which the Board will be prepared to consider seriously tomorrow or in the days thereafter.

In order to arrive at its decision, "Boyd's Board in blunderland" opinion is a classic example of circuitous reasoning which undermines past CAB policy and puts a dark cloud on the future of adequate airline service to the people of New England. The CAB's statutory mandate is to apply the test of public convenience and necessity. The Boyd Board's policy in this case does the direct opposite. Instead of carrying out the policy of giving maximum service to the public and assuring a minimum subsidy wherever possible, the Boyd decision drastically minimizes service to the public and greatly maximizes the need for subsidy.

The policy of the President's Interagency Group on Transportation calls for the preservation of competition where the traffic density can support it. The Boyd majority opinion, in complete disregard of the facts presented at the hearing, promotes monopoly in the air routes on the eastern seaboard. The Boyd decision reverses the longstanding policy of the Civil Aeronautics Board of promoting multiline competition on all major routes. Under this policy, the Civil Aeronautics Board has added a third competitive carrier to the 13 routes in recent years, and I point out that all of them are in smaller markets than this one. The two dissenting members of the Board, relying on the facts presented at the hearing, concluded that a third carrier is required as the need for service has greatly increased since Northeast's Florida operation was first approved by a unanimous board.

Chairman Boyd stated that the public benefits anticipated when temporary certification was granted to Northeast have not materialized. The facts presented at the hearing indicate that the direct opposite conclusion is true. The record shows that there are more nonstop flights in Florida operating now than when Northeast received its temporary certification. The record also shows that more cities are being served along the Florida route. The competition engendered by Northeast Airlines has forced National and Eastern to double their schedules. As a result of this competition, the public has been allowed to fly south at convenient times and at prices it can afford to pay. As the dissenting Board members pointed out, the majority opinion now turns the clock back to 1956 with the same stultifying effects on the market which were present that year. The Boyd decision also results in turning over this recently developed and expanding market to just two carriers as a "captive market." Most important, the Boyd decision may strike the death knell for the demise of Northeast Airlines as an operating carrier.

Mr. Boyd also stated that the decision is based on the ground that future prospects for Northeast Airlines are not financially sound. The financial status of Northeast Airlines is not a unique one. It has been shared at various times by one or both of the carriers that are competing with it on the Florida route. Many of Northeast's financial difficulties were caused by the uncertainties brought about by the Board's temporary certification. In handing down the majority decision, Chairman Boyd has failed to take into proper consideration that crucial fact that major refinancing actions had been taken by the Hughes Tool Co.

The Boyd opinion takes away from Northeast the only route over which it can hope to make any profit. The only sentence of the Boyd decision which smacks of reality is the majority opinion's gross understatement that this action "will inevitably have adverse effects on its (Northeast's) employees, the New England communities in which those employees reside, its creditors and its stockholders." The effect on public air service on the East Coast and on the taxpayers of the United States is a staggering one.

I believe that an investigation of the "Boyd Board's blunder" by the Legislative Oversight Committee is in order unless the Board reconsiders this decision. The Legislative Oversight Committee was specifically set up by Congress to oversee the operations of the so-called independent agencies such as the Civil Aeronautics Board and an investigation of the real reasons behind this erratic decision would certainly be in order.

The Boyd Board decision places an additional burden on the taxpayers of New England on the rest of the United States while at the same time reducing the air carrier service they now enjoy. The Boyd Board decision is a disastrous giant step backward on the promotion of a healthy and competitive public service air system for the people of New England.

Burns Creek Dam Will Stimulate Need for Western Coal Production

EXTENSION OF REMARKS

OF

HON. RALPH R. HARDING

OF IDAHO

IN THE HOUSE OF REPRESENTATIVES

Wednesday, August 21, 1963

Mr. HARDING. Mr. Speaker, on August 8, Gracie Pfost, a distinguished former Member of this body from the Second District of Idaho, appeared before the Flood Control Subcommittee of the House Public Works Committee in support of the much-needed Burns Creek project in eastern Idaho. In her testimony before this great committee of the Congress, Gracie Pfost stated:

> The private power companies from southern Idaho are using coal miners from throughout the Nation to oppose Burns Creek. Mr. Chairman, I want to say here today that this is exactly what the power companies are doing. They are using the coal miners and the coal people for their particular advantage in opposing multiple-purpose projects containing hydroelectric generation. However, these same power companies will not hesitate to build hydroelectric dams themselves—they will not hesitate to switch from the use of coal to pitch or residual oil or natural gas if they can find a cheap source of power for their needs.

Mr. Speaker, I fully concur with these charges that were made by our former distinguished colleague. I know that the record shows that this is true. One of the power companies in question—the Idaho Power Co.—boasts that it is the only major all hydro private power company remaining in America. In other words they do not use any coal. The other company, the Utah Power & Light Co., has eight large steam electric plants. The fuel used in these plants is a combination of oil, gas, pitch, and coal. However, only one of the eight plants uses coal alone. Three of the plants use only pitch and gas. One plant uses only pitch. One plant uses oil and coal. Two plants use gas, oil, and coal. In addition this company has a total of 22 all hydroelectric plants and one large internal-combustion plant. However, it is interesting to note that four of its eight steamplants do not use any coal, relying entirely on pitch and gas. At the same time this large power company has been complaining about what Burns Creek would do to the coal miners, it has not hesitated to switch fuels in its steamplants from coal to pitch, gas, and oil.

Mr. Speaker, I am interested not only in the construction of Burns Creek and other much needed multiple-purpose projects which produce hydroelectric power in Idaho and throughout the Nation. I am also interested in the welfare of the coal miner. I do not believe that there is any doubt among people who know the facts that hydroelectric power produces a need for fuel-generated power to firm it up. In many cases this can and should be power generated with coal.

As has been pointed out many times by our distinguished colleague from Tennessee, Mr. DAVIS, the largest user of coal in the world today is the Tennessee Valley Authority. I am sure great amounts of coal will be required shortly to firm up the hydroelectric power that is being produced at multiple-purpose projects throughout the West.

In 1956, the Congress authorized the upper Colorado River project. Now we are on the threshhold of the first power coming from this great project and it has created a coal rush in Utah. I would like to ask unanimous consent to include at this point in the RECORD the following article by Robert W. Bernick, the business editor from the Salt Lake City Tribune of July 14, 1963:

> UTAH COAL RUSH ON—POWER PLAN KEY
>
> (By Robert W. Bernick)
>
> Utah is experiencing a coal rush unique in the history of American mining
>
> By Saturday, prospectors had applied for an estimated 300,000 to 500,000 acres of coal permits, most of them within the Kaiparowits Plateau area of eastern Kane County.
>
> No such volume of coal prospect permits had ever been sought in a single area within a relatively short space of time in the history of the U.S. Department of Interior, the Tribune was told.
>
> And why anyone would seek to prospect for coal—when the coal industry is generally reported to be sick, sick, sick—is something for the average citizen to puzzle about.
>
> But such contact as can be established with applicants—most of them individuals and firms from Salt Lake City, Phoenix, Ariz., Grand Junction, Colo., Denver, Colo., Los Angeles, and even St. Louis, Mo.—discloses a view that something big may be happening in the western energy picture involving coal.
>
> Here is some of the thinking going on in this line.
>
> The completion of Glen Canyon Dam and consequent creation of Lake Powell provokes a future need for parallel supplies of energy from fossil-fueled, steam-electric plants.
>
> This is the history of hydroelectric generation elsewhere in the United States—including the controversial Johnson steamplant, a part of the Tennessee Valley Authority. For steam generation smooths out the peaks of hydroelectrical energy output.
>
> Glen Canyon Dam may have an installed capacity of up to 1,200,000 kilowatts eventually. But its load factor will be at around 58½ percent, according to some engineers. This means that the differential between peak deliveries and firm generation of energy might be as high as 500,000 kilowatts.

On farther south is Hoover Dam, with an installed capacity of 1,344,500 kilowatts and a firm load factor of around 38 percent. This presents an even greater "peak and valley" relationship in energy deliveries.

Conceive of a new desert-spanning grid of 500,000- to 750,000-volt lines wheeling energy from a hydroelectric and steampower complex involving Glen Canyon Dam, Hoover Dam, and coal from southwestern Utah.

That, it is alleged, is what provokes the gleam in the coal prospector's eye. Most important: This may be one means by which the coal people really can compete with growing potentials of nuclear power on the west coast.

If such a Kane County complex were to include Hoover Dam, too, as a balance wheel to peaking problems, then the figures get even wilder and you start talking about 1-million-kilowatt steamplants, etc., and coal reserves of more than 500 million tons.

Actually, the Kaiparowits Plateau may contain reserves of 3 billion tons—but where it is and the cost of mining are key issues which the prospectors must resolve in the future.

The U.S. Geological Survey has set aside two areas—at Last Chance and Warm Creek—on which it says coal prospectors must take leases, rather than the nominal permits. Such leasing involves competitive bidding. Prospectors are challenging this action. These two areas are relatively near the future water sources to be created by Lake Powell.

One individual is permitted only 10,240 acres in both coal leases or prospect permits in Utah—although an added 5,120 acres may be obtained following a public hearing.

Obviously, no power company could control the necessary reserves for construction of hundreds of millions of dollars in generating capacity if such reserves were limited to 15,360 acres. So some change in the leasing and prospecting laws relative to Federal coal laws should be effected if future problems of developing Kaiparowits coal are to be resolved.

The prospect in the Kaiparowits is a heady one. Some 20 individuals and firms are represented in the search for economically minable coal—among them Arizona Public Service Co. of Phoenix; Richfield Oil Co., Sentry Royalty Co., an affiliate of Peabody Coal Co., St. Louis, Mo., and reportedly Consolidation Coal Co.

Others may be speculating on what may occur in the next few years as others prospect. Richfield has a couple of rigs at work in the Last Chance area and drilling reportedly is planned in the Warm Creek region. New roads have been built into the Warm Creek and Last Chance lease areas from near Glen Canyon City, Utah. Approach also may be made from Escalante.

Mr. Speaker, because of the upper Colorado River project, the Palisades project and, yes, in the future, the Knowles Dam in Montana, and the much-needed Burns Creek project in Idaho, thousands of tons of coal will be mined to be used in steamplants to produce power to firm up the hydropower generated at these projects.

Mr. Speaker, I realize that there are some who say that if it was not for the hydropower that was generated at these projects, that all of the power needs of this area would be supplied with power from steamplants utilizing coal. This simply is not true. We are finding today many farmers are using natural gas to operate farm irrigation pumps, consumers are using gas furnaces, gas air conditioning, and gas appliances because it is cheaper than some of the power rates. On the other hand often a combination of cheap hydropower firmed up with coal-produced steampower produces energy cheaper than gas and is cheaper than power produced with pitch, natural gas, or oil.

Today I have written the following letter to the Secretary of Interior requesting a study on the feasibility of a steam plant to firm up all of the hydroelectric power now being produced in southern Idaho. Such a steamplant would mean work for hundreds of coal miners in Utah and Wyoming.

CONGRESS OF THE UNITED STATES,
HOUSE OF REPRESENTATIVES,
Washington, D.C., August 22, 1963.

The Honorable STEWART UDALL,
Secretary of the Interior,
Department of the Interior,
Washington, D.C.

DEAR SECRETARY UDALL: I would like to request that you consider the possibility of a study of the feasibility of a steam powerplant utilizing coal to firm up all of the hydroelectric power presently being produced at Federal projects in southern Idaho.

It has been called to my attention by reputable engineers that the power produced at Burns Creek and Palisades will have a hydro peaking capacity of 77 megawatts which could integrate successfully with a thermo baseload of 171 megawatts providing a firm load of a total of 248 megawatts.

I am sure you are aware of the great deposits of coal in southern Wyoming and northern Utah that could be utilized for a steamplant to firm up the Palisades-Burns Creek power. Such a coal-utilizing steamplant would employ many coal miners in the area.

Please inform me at the earliest possible date your views on such a feasibility study.

Best personal regards,

RALPH HARDING,
Member of Congress.

Mr. Speaker, Burns Creek will result in increased employment of coal miners and the increase in consumption of coal just as TVA resulted in the increased consumption of coal in the Southeast. Because the combination of cheap hydropower firmed up with steampower produced from coal provides a firm power system that can more than compete with natural gas, pitch, and oil. Therefore, it is my sincere hope that the coal miners of America will realize that the Burns Creek Dam in Idaho and the Knowles Dam in Montana will result in the need for additional coal throughout the West.

Nebraska Congressional Delegation, 1855–1963

EXTENSION OF REMARKS

OF

HON. GLENN CUNNINGHAM

OF NEBRASKA

IN THE HOUSE OF REPRESENTATIVES

Wednesday, August 21, 1963

Mr. CUNNINGHAM. Mr. Speaker, Nebraska has been represented in the U.S. Congress since 1855. In all those years, the State has had 82 men from four political parties as Members of the House of Representatives, 29 men and women from three parties as Senators, and 6 men from two parties as Delegates to the Congress, before the Territory was admitted to the Union as a State.

No one has served fewer days than our first Representative, Turner M. Marquette, of Plattsmouth. He was sworn in March 2, 1867, and served only the last 2 days of the 39th Congress. He was succeeded March 4 by John Taffe, of Omaha. Both were Republicans.

Longest term of service was by George Norris, with 10 years in the House and 30 years in the Senate. The McCook Republican served from 1903 to 1943.

Representative Moses P. Kinkaid, an O'Neill Republican, served in the House from 1903 to 1922 to set the record for Nebraska service in that body.

Besides Republicans and Democrats, Nebraska has been represented by five Populists and by one Fusionist, Samuel Maxwell of Fremont, who served in the House 1897–99. One of the Populists served in the Senate, William V. Allen, of Madison, while four had House service between 1891 and 1903.

But through the years, Nebraska has had a strong Republican flavor, especially in the Senate. There have been 24 Republican Senators who served a total of 170 years, 4 Democratic Senators who served just under 20 years, and the Populist with 10 years.

In the House, 51 Republicans have served 258 years, 26 Democrats served 127 years, the 4 Populists totaled 15 years, and the lone Fusionist had just the one 2-year term.

Our first Delegate to Congress was Napoleon B. Giddings, of Nebraska City, a Democrat who served in the 33d Congress in 1855. Our first Senators in 1867 were John M. Thayer, of Omaha, and Thomas W. Tipton, of Brownville, both Republicans.

Our Delegates had some unusual names. Besides Napoleon Giddings, there was Bird Chapman, of Omaha; Fenner Ferguson, of Bellevue; Experience Estabrook, of Omaha; Samuel G. Daily, of Peru; and Phineas W. Hitchcock, of Omaha.

Hitchcock later served as a Senator, and his son, Gilbert, was both a Representative and Senator. I believe this is the only father-son team in our State history who both served in Congress. Gilbert Hitchcock founded the Omaha World, forerunner of the World-Herald.

In 1867 when Nebraska was first admitted to the Union as a State, we had one Representative. The number grew rapidly as settlers moved west into the State until we had six Representatives by 1893, where it remained until 1933. The depression, drop in farm population, and rapid growth of the Southwest and west coast since World War II have caused a decline in our delegation to three Representatives.

I include now a list of the men and women who have served Nebraska in the Congress, including the number of each Congress, years of the Congress, name, home town, congressional district—where appropriate—and party affiliation of each Delegate, Representative, and Senator.

Nebraska congressional delegation, 1855–1963

Nebraska Territory was granted a delegate in Congress by Act of Congress, May 30, 1854.

Year	Congress	Delegate
1853–55	33d	Napoleon B. Giddings, of Nebraska City, Democrat. **Took seat Jan. 5, 1855.**
1855–57	34th	Bird B. Chapman, of Omaha City, Democrat.
1857–59	35th	Fenner Ferguson, of Bellevue, Democrat.
1859–61	36th	Experience Estabrook, of Omaha, Democrat. **Served until May 18, 1860, when election was successfully contested.**
		Samuel G. Daily, of Peru, Republican.
1861–63	37th	Samuel G. Daily, of Peru, Republican. **J. Sterling Morton, of Nebraska City, Democrat, elected Oct. 9, 1860, but 6 months later Gov. Samuel W. Black without any recanvass issued certificate of election to Daily who had months before contested Morton's right to the seat. Contest was never decided, but Daily held the seat under the second certificate.**
1863–65	38th	Samuel G. Daily, of Peru, Republican.
1865–67	39th	Phineas W. Hitchcock, of Omaha, Republican. **Served until Mar. 1, 1867.**

Nebraska granted statehood on March 1, 1867.

Year	Congress	District	Member of Congress
1865–67	39th	Senate	John M. Thayer, of Omaha, Republican. **Elected but did not take seat until Mar. 4, 1867.**
		Senate	Thomas W. Tipton, of Brownville, Republican. **Elected but did not take seat until Mar. 4, 1867.**
		At large	Turner M. Marquette, of Plattsmouth, Republican. **Took seat Mar. 2, 1867; served 2 days.**
1867–69	40th	Senate	John M. Thayer, of Omaha, Republican. **Took seat Mar. 4, 1867 to expire Mar. 3, 1871, as determined by lot.**
		Senate	Thomas W. Tipton, of Brownville, Republican. **Took seat Mar. 4, 1867, to expire Mar. 3, 1869, as determined by lot.**
		At large	John Taffe, of Omaha, Republican.
1869–71	41st	Senate	John M. Thayer, of Omaha, Republican.
		Senate	Thomas W. Tipton, of Brownville, Republican.
		At large	John Taffe, of Omaha, Republican.
1871–73	42d	Senate	Thomas W. Tipton, of Brownville, Republican.
		Senate	Phineas W. Hitchcock, of Omaha, Republican.
		At large	John Taffe, of Omaha, Republican.
1873–75	43d	Senate	Thomas W. Tipton, of Brownville, Republican.
		Senate	Phineas W. Hitchcock, of Omaha, Republican.
		At large	Lorenzo Crounse, of Fort Calhoun, Republican.
1875–77	44th	Senate	Phineas W. Hitchcock, of Omaha, Republican.
		Senate	Algernon S. Paddock, of Beatrice, Republican.
		At large	Lorenzo Crounse, of Fort Calhoun, Republican.
1877–79	45th	Senate	Algernon S. Paddock, of Beatrice, Republican.
		Senate	Alvin Saunders, of Omaha, Republican.
		At large	Frank Welch, of Norfolk, Republican. **Died Sept. 4, 1878.**
		At large	Thomas Majors, of Peru, Republican. **Elected to fill vacancy created by death of Welch, and took seat Dec. 2, 1878, Majors had been elected as a contingent (or additional) Member and was also so elected to the 46th and 47th Cong., but the House, on Feb. 24, 1883, disallowed Nebraska's claim to an additional Member and refused to seat him.**
1879–81	46th	Senate	Algernon S. Paddock, of Beatrice, Republican.
		Senate	Alvin Saunders, of Omaha, Republican.
		At large	Edward K. Valentine, of West Point, Republican.
1881-83	47th	Senate	Alvin Saunders, of Omaha, Republican.
		Senate	Charles H. Van Wyck, of Nebraska City, Republican.
		At large	Edward K. Valentine, of West Point, Republican.
1883–85	48th	Senate	Charles H. Van Wyck, of Nebraska City, Republican.
		Senate	Charles F. Manderson, of Omaha, Republican.
		1st	Archibald J. Weaver, of Falls City, Republican.
		2d	James Laird, of Hastings, Republican.
		3d	Edward K. Valentine, of West Point, Republican.
1885–87	49th	Senate	Charles H. Van Wyck, of Nebraska City, Republican.
		Senate	Charles F. Manderson, of Omaha, Republican.
		1st	Archibald J. Weaver, of Falls City, Republican.
		2d	James Laird, of Hastings, Republican.
		3d	George W. E. Dorsey, of Fremont, Republican.
1887–89	50th	Senate	Charles F. Manderson, of Omaha, Republican.
		Senate	Algernon S. Paddock, of Beatrice, Republican.
		1st	John A. McShane, of Omaha, Republican.
		2d	James Laird, of Hastings, Republican.
		3d	George W. E. Dorsey, of Fremont, Republican.
1889–91	51st	Senate	Charles F. Manderson, of Omaha, Republican.
		Senate	Algernon S. Paddock, of Beatrice, Republican.
		1st	William J. Connell, of Omaha, Republican.
		2d	James Laird, of Hastings, Republican. **Died Aug. 17, 1889, before Congress assembled.**
		2d	Gilbert L. Laws, of McCook Republican. **Elected to fill vacancy created by death of Laird, and took seat Dec. 2, 1889.**
		3d	George W. E. Dorsey, of Fremont, Republican.
1891–93	52d	Senate	Charles F. Manderson, of Omaha, Republican.
		Senate	Algernon S. Paddock, of Beatrice, Republican.
		1st	William J. Bryan, of Lincoln, Democrat.
		2d	William A. McKeighan, of Red Cloud, Democrat.
		3d	Omer M. Kem, of Broken Bow, Populist.
1893–95	53d	Senate	Charles F. Manderson, of Omaha, Republican.
		Senate	William V. Allen, of Madison, Populist.
		1st	William J. Bryan, of Lincoln, Democrat.
		2d	David H. Mercer, of Omaha, Republican.
		3d	George D. Meiklejohn, of Fullerton, Republican.
		4th	Eugene J. Hainer, of Aurora, Republican.
		5th	William A. McKeighan, of Red Cloud, Democrat.
		6th	Omer M. Kem, of Broken Bow, Populist.
1895–97	54th	Senate	William V. Allen, of Madison, Populist.
		Senate	John M. Thurston, of Omaha, Republican.
		1st	Jesse B. Strode, of Lincoln, Republican.
		2d	David H. Mercer, of Omaha, Republican.
		3d	George D. Meiklejohn, of Fullerton, Republican.
		4th	Eugene J. Hainer, of Aurora, Republican.
		5th	William E. Andrews, of Hastings, Republican.
		6th	Omer M. Kem, of Broken Bow, Populist.
1897–99	55th	Senate	William V. Allen, of Madison, Populist.
		Senate	John M. Thurston, of Omaha, Republican.
		1st	Jesse B. Strode, of Lincoln, Republican.
		2d	David H. Mercer, of Omaha, Republican.
		3d	Samuel Maxwell, of Fremont, Fusionist.
		4th	William L. Stark, of Aurora, Democrat.
		5th	Roderick D. Sutherland, of Nelson, Populist.
		6th	William L. Greene, of Kearney, Populist.
1899–1901	56th	Senate	John M. Thurston, of Omaha, Republican.
		Senate	Monroe L. Hayward, of Nebraska City, Republican. **Died Dec. 5, 1899.**
		Senate	William V. Allen, of Madison, Populist. **Defeated in 1899 by Hayward; appointed to fill vacancy created by death of Hayward, and took seat Dec. 19, 1899.**
		1st	Elmer J. Burkett, of Lincoln, Republican.
		2d	David H. Mercer, of Omaha, Republican.
		3d	John S. Robinson, of Madison, Democrat.
		4th	William L. Stark, of Aurora, Democrat.
		5th	Roderick D. Sutherland, of Nelson, Populist.
		6th	William L. Greene, of Kearney, Populist. **Died Mar. 11, 1899.**
			William Neville, of North Platte, Populist. **Elected to fill vacancy created by death of Greene, and took seat Dec. 4, 1899.**

Nebraska congressional delegation, 1855–1963—Continued

Year	Congress	District	Member of Congress
1901–03	57th	Senate	William V. Allen, of Madison, Populist.
		Senate	Charles H. Dietrich, of Hastings, Republican. Elected to fill vacancy created by death of Hayward, in preceding Congress and took seat Dec. 2, 1901.
		Senate	Joseph H. Millard, of Omaha, Republican.
		1st	Elmer J. Burkett, of Lincoln, Republican.
		2d	David H. Mercer, of Omaha, Republican.
		3d	John S. Robinson, of Madison, Democrat.
		4th	William L. Stark, of Aurora, Democrat.
		5th	Ashton C. Shallenberger, of Alma, Democrat.
		6th	William Neville, of North Platte, Populist.
1903–05	58th	Senate	Charles H. Dietrich, of Hastings, Republican.
		Senate	Joseph H. Millard, of Omaha, Republican.
		1st	Elmer J. Burkett, of Lincoln, Republican. Resigned Mar. 4, 1905, before commencement of 59th Cong., to which he had been reelected, having been elected a Senator.
		2d	Gilbert M. Hitchcock, of Omaha, Democrat.
		3d	John J. McCarthy, of Ponca, Republican.
		4th	Edmund H. Hinshaw, of Fairbury, Republican.
		5th	George W. Norris, of McCook, Republican.
		6th	Moses P. Kinkaid, of O'Neill, Republican.
1905–07	59th	Senate	Joseph H. Millard, of Omaha, Republican.
		Senate	Elmer J. Burkett, of Lincoln, Republican.
		1st	Ernest M. Pollard, of Nehawka, Republican. Elected to fill vacancy created by resignation of Burkett in preceding Congress, and took seat Dec. 4, 1905.
		2d	John L. Kennedy, of Omaha, Republican.
		3d	John J. McCarthy, of Ponca, Republican.
		4th	Edmund H. Hinshaw, of Fairbury, Republican.
		5th	George W. Norris, of McCook, Republican.
		6th	Moses P. Kinkaid, of O'Neill, Republican.
1907–09	60th	Senate	Elmer J. Burkett, of Lincoln, Republican.
		Senate	Norris Brown, of Kearney, Republican.
		1st	Ernest M. Pollard, of Nehawka, Republican.
		2d	Gilbert M. Hitchcock, of Omaha, Democrat.
		3d	John F. Boyd, of Neligh, Republican.
		4th	Edmund H. Hinshaw, of Fairbury, Republican.
		5th	George W. Norris, of McCook, Republican.
		6th	Moses P. Kinkaid, of O'Neill, Republican.
1909–11	61st	Senate	Elmer J. Burkett, of Lincoln, Republican.
		Senate	Norris Brown, of Kearney, Republican.
		1st	John A. Maguire, of Lincoln, Democrat.
		2d	Gilbert M. Hitchcock, of Omaha, Democrat.
		3d	James P. Latta, of Tekamah, Democrat.
		4th	Edmund H. Hinshaw, of Fairbury, Republican.
		5th	George W. Norris, McCook, Republican.
		6th	Moses P. Kinkaid, of O'Neill, Republican.
1911–13	62d	Senate	Norris Brown, of Kearney, Republican.
		Senate	Gilbert M. Hitchcock, of Omaha, Democrat.
		1st	John A. Maguire, of Lincoln, Democrat.
		2d	Charles O. Lobeck, of Omaha, Democrat.
		3d	James P. Latta, of Tekamah, Democrat. Died Sept. 11, 1911.
		3d	Daniel V. Stephens, of Fremont, Democrat. Elected to fill vacancy created by death of Latta, and took seat Dec. 4, 1911.
		4th	Charles H. Sloan, of Geneva, Republican.
		5th	George W. Norris, of McCook, Republican.
		6th	Moses P. Kinkaid, of O'Neill, Republican.
1913–15	63d	Senate	Gilbert M. Hitchcock, of Omaha, Democrat.
		Senate	George W. Norris, of McCook, Republican.
		1st	John A. Maguire, of Lincoln, Democrat.
		2d	Charles O. Lobeck, of Omaha, Democrat.
		3d	Daniel V. Stephens, of Fremont, Democrat.
		4th	Charles H. Sloan, of Geneva, Republican.
		5th	Silas R. Barton, of Grand Island, Republican.
		6th	Moses P. Kinkaid, of O'Neill, Republican.
1915–17	64th	Senate	Gilbert M. Hitchcock, of Omaha, Democrat.
		Senate	George W. Norris, of McCook, Republican.
		1st	C. Frank Reavis, of Falls City, Republican.
		2d	Charles O. Lobeck, of Omaha, Democrat.
		3d	Daniel V. Stephens, of Fremont, Democrat.
		4th	Charles H. Sloan, of Geneva, Republican.
		5th	Ashton C. Shallenberger, Alma, Democrat.
		6th	Moses P. Kinkaid, of O'Neill, Republican.
1917–19	65th	Senate	Gilbert M. Hitchcock, of Omaha, Democrat.
		Senate	George W. Norris, of McCook, Republican.
		1st	C. Frank Reavis, of Falls City, Republican.
		2d	Charles O. Lobeck, of Omaha, Democrat.
		3d	Daniel V. Stephens, of Fremont, Democrat.
		4th	Charles H. Sloan, of Geneva, Republican.
		5th	Ashton C. Shallenberger, of Alma, Democrat.
		6th	Moses P. Kinkaid, of O'Neill, Republican.
1919–21	66th	Senate	Gilbert M. Hitchcock, of Omaha, Democrat.
		Senate	George W. Norris, of McCook, Republican.
		1st	C. Frank Reavis, of Falls City, Republican.
		2d	Albert W. Jefferis, of Omaha, Republican.
		3d	Robert E. Evans, of Dakota City, Republican.
		4th	Melvin O. McLaughlin, of York, Democrat.
		5th	William E. Andrews, of Hastings, Republican.
		6th	Moses P. Kinkaid, of O'Neill, Republican.
1921–23	67th	Senate	Gilbert M. Hitchcock, of Omaha, Democrat.
		Senate	George W. Norris, of McCook, Republican.
		1st	C. Frank Reavis, of Falls City, Republican. Resigned June 3, 1922.
		1st	Roy H. Thorpe, of Lincoln, Republican. Elected to fill vacancy created by resignation of Reavis, and took seat Nov. 27, 1922.
		2d	Albert W. Jefferis, of Omaha, Republican.
		3d	Robert E. Evans, of Dakota City, Republican.
		4th	Melvin O. McLaughlin, of York, Democrat.
		5th	William E. Andrews, of Hastings, Republican.
		6th	Moses P. Kinkaid, of O'Neill, Republican. Died July 6, 1922.
		6th	Augustin R. Humphrey, of Broken Bow, Republican. Elected to fill vacancy created by death of Kinkaid, and took seat Nov. 20, 1922.
1923–25	68th	Senate	George W. Norris, of McCook, Republican.
		Senate	Robert B. Howell, of Omaha, Republican.
		1st	John H. Morehead, of Falls City, Democrat.
		2d	Willis G. Sears, of Omaha, Republican.
		3d	Edgar Howard, of Columbus, Democrat.
		4th	Melvin O. McLaughlin, of York, Democrat.
		5th	Ashton C. Shallenberger, of Alma, Democrat.
		6th	Robert G. Simmons, of Scottsbluff, Republican.

Nebraska congressional delegation, 1855–1963—Continued

Year	Congress	District	Member of Congress
1925–27	69th	Senate	George W. Norris, of McCook, Republican.
		Senate	Robert B. Howell, of Omaha, Republican.
		1st	John H. Morehead, of Falls City, Democrat.
		2d	Willis G. Sears, of Omaha, Republican.
		3d	Edgar Howard of Columbus, Democrat.
		4th	Melvin O. McLaughlin, of York, Democrat.
		5th	Ashton C. Shallenberger, of Alma, Democrat.
		6th	Robert G. Simmons, of Scottsbluff, Republican.
1927–29	70th	Senate	George W. Norris, of McCook, Republican.
		Senate	Robert B. Howell, of Omaha, Republican.
		1st	John H. Morehead, of Falls City, Democrat.
		2d	Willis G. Sears, of Omaha, Republican.
		3d	Edgar Howard, of Columbus, Democrat.
		4th	John N. Norton, of Polk, Democrat.
		5th	Ashton C. Shallenberger, of Alma, Democrat.
		6th	Robert G. Simmons, of Scottsbluff, Republican.
1929–31	71st	Senate	George W. Norris, of McCook, Republican.
		Senate	Robert B. Howell, of Omaha, Republican.
		1st	John H. Morehead, of Falls City, Democrat.
		2d	Willis G. Sears, of Omaha, Republican.
		3d	Edgar Howard, of Columbus, Democrat.
		4th	Charles H. Sloan, of Geneva, Republican.
		5th	Fred G. Johnson, of Hastings, Republican.
		6th	Robert G. Simmons, of Scottsbluff, Republican.
1931–33	72d	Senate	George W. Norris, of McCook, Republican.
		Senate	Robert B. Howell, of Omaha, Republican.
		1st	John H. Morehead, Falls City, Democrat.
		2d	H. Malcolm Baldrige, of Omaha, Republican..
		3d	Edgar Howard, of Columbus, Democrat.
		4th	John N. Norton, of Polk, Democrat.
		5th	Ashton C. Shallenberger, of Alma, Democrat.
		6th	Robert G. Simmons, of Scottsbluff, Republican.
1933–35	73d	Senate	George W. Norris, of McCook, Republican.
		Senate	Robert B. Howell, of Omaha, Republican. Died Mar. 11, 1933.
		Senate	William H. Thompson, of Grand Island, Democrat. Appointed to fill vacancy created by death of Howell, and took seat May 26, 1933.
		Senate	Richard C. Hunter, of Omaha, Democrat. Elected to fill vacancy created by death of Howell, and took seat Nov. 7, 1934.
		1st	John H. Morehead, of Falls City, Democrat.
		2d	Edward R. Burke, of Omaha, Democrat.
		3d	Edgar Howard, of Columbus, Democrat.
		4th	Ashton C. Shallenberger, of Alma, Democrat.
		5th	Terry M. Carpenter, of Scottsbluff, Democrat.
1935–37	74th	Senate	George W. Norris, of McCook, Republican.
		Senate	Edward R. Burke, of Omaha, Democrat.
		1st	Henry C. Luckey, of Lincoln, Democrat.
		2d	Charles F. McLaughlin, of Omaha, Democrat.
		3d	Karl Stefan, of Norfolk, Republican.
		4th	Charles G. Binderup, of Minden, Democrat.
		5th	Harry B. Coffee, of Chadron, Democrat.
1937–39	75th	Senate	George W. Norris, of McCook, Republican.
		Senate	Edward R. Burke, of Omaha, Democrat.
		1st	Henry C. Luckey, of Lincoln, Democrat.
		2d	Charles F. McLaughlin, of Omaha, Democrat.
		3d	Karl Stefan, of Norfolk, Republican.
		4th	Charles G. Binderup, of Minden, Democrat.
		5th	Harry B. Coffee, of Chadron, Democrat.
1939–41	76th	Senate	George W. Norris, of McCook, Republican.
		Senate	Edward R. Burke, of Omaha, Democrat.
		1st	George H. Heinke, of Nebraska City, Republican. Died Jan. 2, 1940.
		1st	John Hyde Sweet, of Nebraska City, Republican. Elected to fill vacancy created by death of Heinke, and took seat Apr. 17, 1940.
		2d	Charles F. McLaughlin, of Omaha, Democrat.
		3d	Karl Stefan, of Norfolk, Republican.
		4th	Carl T. Curtis, of Minden, Republican.
		5th	Harry B. Coffee, of Chadron, Democrat.
1941–43	77th	Senate	George W. Norris, of McCook, Republican.
		Senate	Hugh A. Butler, of Omaha, Republican.
		1st	Oren S. Copeland, of Lincoln, Republican.
		2d	Charles F. McLaughlin, of Omaha, Democrat.
		3d	Karl Stefan, of Norfolk, Republican.
		4th	Carl T. Curtis, of Minden, Republican.
		5th	Harry B. Coffee, of Chadron, Democrat.
1943–45	78th	Senate	Hugh A. Butler, of Omaha, Republican.
		Senate	Kenneth S. Wherry, of Pawnee City, Republican.
		1st	Carl T. Curtis, of Minden, Republican.
		2d	Howard H. Buffett, of Omaha, Republican.
		3d	Karl Stefan, of Norfolk, Republican.
		4th	Arthur L. Miller, of Kimball, Republican.
1945–47	79th	Senate	Hugh A. Butler, of Omaha, Republican.
		Senate	Kenneth S. Wherry, of Pawnee City, Republican.
		1st	Carl T. Curtis, of Minden, Republican.
		2d	Howard H. Buffett, of Omaha, Republican.
		3d	Karl Stefan, of Norfolk, Republican.
		4th	Arthur L. Miller, of Kimball, Republican.
1947–49	80th	Senate	Hugh A. Butler, of Omaha, Republican.
		Senate	Kenneth S. Wherry, of Pawnee City, Republican.
		1st	Carl T. Curtis, of Minden, Republican.
		2d	Howard H. Buffett, of Omaha, Republican.
		3d	Karl Stefan, of Norfolk, Republican.
		4th	Arthur L. Miller, of Kimball, Republican.
1949–51	81st	Senate	Hugh A. Butler, of Omaha, Republican.
		Senate	Kenneth S. Wherry, of Pawnee City, Republican.
		1st	Carl T. Curtis, of Minden, Republican.
		2d	Eugene D. O'Sullivan, of Omaha, Democrat.
		3d	Karl Stefan, of Norfolk, Republican.
		4th	Arthur L. Miller, of Kimball, Republican.
1951–53	82d	Senate	Hugh A. Butler, of Omaha, Republican.
		Senate	Kenneth S. Wherry, of Pawnee City, Republican. Died Nov. 29, 1951.
		Senate	Frederick A. Seaton, of Hastings, Republican. Appointed to fill vacancy created by death of Wherry, and took seat Jan. 8, 1952.
		Senate	Dwight P. Griswold, of Scottsbluff, Republican. Elected to fill vacancy created by death of Wherry, and took seat Jan. 3, 1953.
		1st	Carl T. Curtis, of Minden, Republican.
		2d	Howard H. Buffett, of Omaha, Republican.
		3d	Karl Stefan, of Norfolk, Republican. Died Oct. 2, 1951.
		3d	Robert D. Harrison, of Norfolk, Republican. Elected to fill vacancy created by death of Stefan, and took seat Jan. 8, 1952.
		4th	Arthur L. Miller, of Kimball, Republican.

Nebraska congressional delegation, 1855–1963—Continued

Year	Congress	District	Member of Congress
1953–55	83d	Senate	Hugh A. Butler, of Omaha, Republican. Died July 1, 1954.
		Senate	Sam W. Reynolds, of Omaha, Republican. Appointed to fill vacancy created by death of Butler, and took seat July 7, 1954.
		Senate	Roman L. Hruska, of Omaha, Republican. Elected to fill vacancy created by death of Butler, and tcok seat Nov. 8, 1954.
		Senate	Dwight P. Griswold, of Scottsbluff, Republican. Died Apr. 12, 1954.
		Senate	Mrs. Eva K. Bowring, of Merriman, Republican. Appointed to fill vacancy created by death of Griswold, and took seat Apr. 26, 1954.
		Senate	Mrs. Hazel H. Abel, of Lincoln, Republican. Elected to fill vacancy created by death of Griswold, and took seat Nov. 8, 1954. Resigned Dec. 31, 1954.
		Senate	Carl T. Curtis, of Minden, Republican. Appointed to fill vacancy created by resignation of Mrs. Abel. Appointed Jan. 1, 1955, but was not able to take seat because Congress was not in session.
		1st	Carl T. Curtis, of Minden, Republican. Resigned Dec. 31, 1954.
		2d	Roman L. Hruska, of Omaha, Republican. Resigned Nov. 8, 1954.
		3d	Robert D. Harrison, of Norfolk, Republican.
		4th	Arthur L. Miller, of Kimball, Republican.
1955–57	84th	Senate	Roman L. Hruska, of Omaha, Republican.
		Senate	Carl T. Curtis, of Minden, Republican.
		1st	Phillip H. Weaver, of Falls City, Republican.
		2d	Jackson B. Chase, of Omaha, Republican.
		3d	Robert D. Harrison, of Norfolk, Republican.
		4th	Arthur L. Miller, of Kimball, Republican.
1957–59	85th	Senate	Roman L. Hruska, of Omaha, Republican.
		Senate	Carl T. Curtis, of Minden, Republican.
		1st	Phillip H. Weaver, of Falls City, Republican.
		2d	Glenn Cunningham, of Omaha, Republican.
		3d	Robert D. Harrison, of Norfolk, Republican.
		4th	Arthur L. Miller, of Kimball, Republican.
1959–61	86th	Senate	Roman L. Hruska, of Omaha, Republican.
		Senate	Carl T. Curtis, of Minden, Republican.
		1st	Phillip H. Weaver, of Falls City, Republican.
		2d	Glenn Cunningham, of Omaha, Republican.
		3d	Lawrence Brock, of Wakefield, Democrat.
		4th	Donald F. McGinley, Ogallala, Democrat.
1961–63	87th	Senate	Roman L. Hruska, of Omaha, Republican.
		Senate	Carl T. Curtis, of Minden, Republican.
		1st	Phillip H. Weaver, of Falls City, Republican.
		2d	Glenn Cunningham, of Omaha, Republican.
		3d	Ralph F. Beermann, of Dakota City, Republican.
		4th	Dave Martin, of Kearney, Republican.
1963–65	88th	Senate	Roman L. Hruska, of Omaha, Republican.
		Senate	Carl T. Curtis, of Minden, Republican.
		1st	Ralph Beermann, of Dakota City, Republican.
		2d	Glenn Cunningham, of Omaha, Republican.
		3d	Dave Martin, of Kearney, Republican.

The Current Attack on REA

EXTENSION OF REMARKS

OF

HON. GRAHAM PURCELL

OF TEXAS

IN THE HOUSE OF REPRESENTATIVES

Wednesday, August 21, 1963

Mr. PURCELL. Mr. Speaker, a quarter of a century and more has passed since the Congress ordered the lights turned on in rural America.

It was in July of 1935, in an Executive order by President Franklin D. Roosevelt, that the Rural Electrification Administration was born. Congress passed the REA Act in 1936.

I doubt if any agency of the Government in Washington has carried on its mission so well as the REA. It indeed has turned on the lights in rural America. Its benefits are felt by all our people, in terms of conveniences and comforts hitherto unknown on our farms and in the contributions REA has made to the efficiency of our agriculture which has blessed our consumers with the best and cheapest food anywhere in the world.

But, I also doubt if any agency has been the center of greater controversy in all these years. REA today is under heavy criticism and attack, from certain quarters.

Mr. Speaker, my attention has been drawn to a speech delivered last Wednesday by the gentleman from Texas, Hon. W. R. (BOB) POAGE, a great champion of REA. Our colleague spoke before the Tarheel Electric Membership Association, at Durham, N.C.

When the gentleman from Texas, BOB POAGE, speaks he leaves no doubt where he stands. He shaped up the issues around REA, clearly and eloquently. I think that each Member of this body, whether he is for REA or against REA, will want to read what the gentleman from Texas, BOB POAGE, had to say. Therefore, Mr. Speaker, with the unanimous consent of the House, I am publishing this speech in the RECORD:

THE CURRENT ATTACK ON REA

(Speech of Congressman W. R. POAGE before Tarheel Electric Membership Association at Durham, N.C.)

It is always a pleasure to appear on the same program with my beloved chairman. HAROLD is probably my closest friend in the Congress. I respect his ability and leadership just as you do, but it is a special honor to appear with him in his home State and to talk with him to rural people, for I can say, in all candor, that I know of no Member of Congress who has done so much for the welfare of the farm people of his home State as has Hon. HAROLD D. COOLEY, Representative of the Fourth District of North Carolina.

He has worked effectively in all phases of agriculture, but, as I see it, he, and he alone, is responsible for the present and the long continued prosperity of the growers of tobacco. No agricultural commodity today enjoys the stability of income which is assured to North Carolina's great crop—and without HAROLD COOLEY I fear you would be in no better position than the producers of oats, chickens, and castor beans.

But I came here to talk about the current attack on REA.

Thirty years ago there was pretty general understanding as to the need for REA and the need for local cooperatives. About 96.2 percent of the rural homes in North Carolina were then without central power service. Power companies insisted that there was no need to supply further rural service and their then spokesman officially stated before a congressional investigating committee in 1937 that: "There are very few farms requiring electricity for major farm needs that are not now served." Of course, the truth was that there were practically no farms served but the power companies felt that there was no profit to be had in serving them and hence they were not interested.

I have never felt, as some of my friends have, that the power companies were under an obligation to serve these farms. They had a right to decline this business which they considered unprofitable, but I have questioned the validity and the morality of their action in later objecting to others servicing this market which they rejected. But there is no question but that just as soon as farmers began to organize cooperatives, the private power companies came to life. They built their lines down many of the roads and highways. They skimmed the cream of the then existing business and they built spite lines to make it impracticable for local groups of farmers to serve given areas, but farmers kept organizing cooperatives. They kept borrowing money from REA, and repaying it with interest, and they kept building lines until today, instead of 96 percent of your North Carolina farms being in darkness, 98.1 percent of them have central station service. The figures, which are very comparable for the Nation, have been almost exactly reversed in the last quarter of a century. But the job is not done.

It is true that some of our power companies have been prematurely celebrating. "The job is finished," they have cried. "Now, let REA and the rural cooperatives get out of business and let them be quick about it. Now the Congress can quit providing REA loan funds. The great day is here. Let there be dancing in the streets." Friends, I am no less pleased than the power companies are with the magnificent work of providing electric service to our rural areas. The REA, its local borrowers, and in many instances their privately owned competitors, have all done a great job, but the job is not yet finished. This is no time for "singing in the streets" and it is no time to stop REA loans. The need for additional capital to provide service to our rural consumers is probably just as pressing today as it was 30 years ago. The difference is that a generation ago we were thinking only in terms of light. Today we are thinking in terms of power. We were building lines to supply an average demand of about 25 kilowatts per consumer. Today that demand is more than 10 times that great.

We all understand that a ½-inch water pipe that could supply a rural home is utterly inadequate to supply a suburban development, but we do not seem to realize that the old single-phase equipment that brought such a revolution in the family parlor is not adequate to provide the power needed for modern pumps, feed mills, and milking machines. We all understand how a well and water tower can supply a village of 2 dozen homes and that a city of 100,000 must provide itself with a terribly expensive reservoir and with large pipes and pumping stations, but all too many of us seem to be unable to understand, or we are reluctant to recognize, that while the early cooperatives could buy their power from the local company and deliver it over inexpensive lines, the modern farmer-owned distributing system must have a large supply of power, expensive standby, complicated substations, and an adequate distributing system.

These current requirements cost money, and lots of money—far more per mile than the old single-phase equipment of the early days. But in many instances there are no more subscribers than there were right after the co-op was organized. The population of most rural areas simply has not been growing and today the average privately owned power company in the United States enjoys a density of more than 30 connections per mile. The average REA-financed cooperative has less than three connections per mile. Obviously, the power companies enjoy a tremendous advantage, and I think right here is where we should understand the fallacy of one of the basic arguments which the power companies make against the cooperatives.

They say that the 2 percent interest which the Government charges on REA loans is "a subsidy"; that it is unfair to the people of America; and that it should be abolished. Indeed, just before I left Washington I had a member of our committee from California call me telling me that he, as well as a number of other members, had introduced legislation to raise this interest rate, and that he wanted us to give him a hearing on his bill. Of course, we are going to give him a hearing, and of course he is going to show that the Government is today paying more than 2 percent for the money which it borrows, but I don't think he is going to call attention to the fact that when REA was first established the Government was paying a good deal less for the money it borrowed than it was collecting from the cooperatives. I don't think he is going to want to point out that today the Government is advancing hundreds of millions of dollars to foreign countries at 2 percent, and even less. Actually, we are even now negotiating to finance a billion dollar steel mill in India at three-fourths of 1 percent interest. I don't think he is going to want to talk about the subsidies that we are paying on transportation, to airlines, to bargelines, and even to railroads and trucklines in the form of land grants and highway improvements. And, above all, I don't believe that my colleague from California, or any of the others who would destroy REA, is going to emphasize the fact that the REA law specifically provides for loans to private power companies who will assume the same obligations to provide service in rural areas on the same terms that it offers to farmer-owned cooperatives.

It is very easy for city people to honestly assume that they are having to carry a part of the load of providing electricity in rural areas, and I think that is probably true. But they would certainly not help their situation any by turning this service over to the power companies. Power companies cannot make a profit on it either unless they can get some kind of especially cheap power or low interest. And interesting enough, most of them don't want cheap interest on the terms the cooperatives are getting it. What the power companies can do, and what they really want to do, is to throw these rural areas in with their other service areas and then establish a rate over the entire area. Since utilities are always allowed to charge enough to make a reasonable return, that will give the companies a profit on a larger volume of business. So, if they can take over the rural service, they will of course try first to raise the local rates to rural customers, and undoubtedly they will succeed to some extent. To the extent they do not succeed, they will simply raise rates in general, making the people in the cities and towns more directly than ever subsidize the rural areas.

No, the co-op members may not get an immediate doubling of their rates if the power companies take over, but electric consumers are going to pay the full bill plus a very substantial profit which they are not now paying to the cooperatives, and service is going to suffer as it always does when it falls in the hands of a monopoly.

I know that power companies say that the distribution of power is a natural monopoly and that there is no competition within given areas, but at the present there is the overall recognition that if the power companies don't provide reasonable service at reasonable rates in rural areas, there is somebody else who could provide it. To me that is worth a great deal—more than any regulation which any Commission can pass.

I went to the Legislature of Texas a good many years ago. I was sold on the idea that we ought to have a utility commission, but I hadn't been around Austin 6 months until I began to realize that utility commissions are always—or at least almost always—exactly what the name says they are—"utility" commissions—controlled by and functioning for the benefit of the utilities. For 35 years I have given thanks that Texas does not have such a commission because I believe we get better service when we have different agencies offering service. It is for this reason that I have often stated at REA meetings that while I certainly would not want the power companies to put the cooperatives out of business, neither do I want the co-ops to put the power companies out of business. I think that both groups give better service because of the existence of the other.

No, my friends, you cannot continue to operate a successful electric cooperative and serve two customers per mile of line if you have to pay 4 percent on your money. Nearly one-third of the cost of the average electric cooperative is accounted for by interest. Power costs about one-third, and labor accounts for about one-third. I don't think that you can increase your costs by one-sixth and still provide service at a competitive price. The only way in which the rural cooperatives of this State could stay in business under such circumstances would be for them to enjoy some of the cream. Are those who want to raise co-op interest rates willing to give them an opportunity to compete with the power companies on equal terms for the profitable city business? Of course not. Indeed, they are doing their very best to prevent them from keeping any profitable territory they may now have. I want to make it plain that I am not asking that the farmer-owned cooperatives should go into the cities and compete with the power companies, but I am suggesting that we should not create a situation which will push them into this field.

Actually, some of these cooperatives are today serving some very profitable business on the outskirts of all of our growing cities. The co-ops went there when this was strictly rural area. They went there when nobody else wanted to serve the area. They built their lines and then the people built their homes. As our cities expand and incorporate in these areas which are served by rural cooperatives, we find the laws and the court decisions of many States taking these territories away from the cooperatives and deliberately giving them to the private power companies.

I am, of course, now speaking of what we know in Texas as the Gilmore case. In this case our supreme court held that even though the Upshur County Electric Cooperative had developed a given rural area, that when that area was annexed by the city of Gilmore, the private power company holding a franchise in that city became the only agency which could legally give service in that area, and although we have repeatedly received adequate preelection pledges the legislature of our State has continued to refuse to correct this injustice.

As a Congressman, I don't want to try to pass judgment upon what the legislature should do, but I have no hesitancy in saying what this policy is bound to do to our rural cooperatives. Within 20 years it must deprive them of a large part of their essential revenue, and during that time it must aggravate their need for lower interest and cheaper power. How can any business succeed if, as fast as it builds up profitable customers, those customers are taken from it and turned over to its competitor? But that is exactly what is happening in Texas and a number of other States today, and, I repeat, our rural electric cooperatives cannot continue to live under such a system. They will be forced into a struggle to serve cities and towns. I think our great power companies would be well advised to let these cooperatives continue to serve all rural areas and to serve all areas which have been rural and leave the big cities to the private companies.

But I would not want you to feel that the only threat to the existence of the REA lies in the State capital. There is a continuing threat in Washington. Twenty-five years ago an overwhelming majority of the Members of Congress were expressing their support of REA, and voting just like they talked. A majority still gives lip service to REA, but are likely to say: "I am for REA—But." Some, as the Member I referred to awhile ago, seek to increase the interest rate the co-ops must pay. Some seek to prohibit the construction of generation and transmission plants. They say that REA was created simply to finance the distribution of power to rural people—that the private power companies will build all of the generation plants that are needed. And I am sure they will—that is, all they think they need. They are certainly not going to build any they don't think are helpful to their own systems.

And right here seems to be probably the strongest argument in behalf of REA-financed generation plants. The co-ops must have increasing sources of power, just as the private power companies must, and private distribution companies have been building generation plants at a remarkable rate. If they need these new generation plants, if they need these new transmission lines—and I am sure they do—why don't the rural co-ops need the same kind of new facilities? They are growing too.

The companies say they must have their own sources of power in order to protect their customers and each company tries to build to meet its now need. No first-class power company will rely on a neighboring power company. They distrust each other. Why should the cooperatives be forced to trust them? If it is essential to them to own their own sources of power, why isn't it essential to co-ops to do likewise? Of course, it is obvious that not every REA-financed cooperative is going to build its own plant. There are many cases where it is just not feasible, but the knowledge on the part of the private supplier that the co-op could get a G. & T. loan if he needed it seems to me to be the most valuable bargaining lever available to the rural system—and actually it is about the only lever which most of them have.

The authority to make such loans is already in the basic REA Act, and it should remain there. The Congress properly looks to the discretion of the REA Administrator in his use of this bargaining tool, and yet there are many Members of Congress who, in all good faith, would like to so limit the authority of the Administrator to make G. & T. loans that this bargaining power would be completely destroyed. Not only are there bills pending to destroy this lending power, or to make it ineffective, but the Appropriations Committee actually wrote instructions into the report on its recent appropriation bill which in effect required the Administrator to turn over the financial statements of his borrowers to the private companies. I don't believe that the Appropriations Committee actually realizes what they are doing—and I don't believe that that committee had any moral or parliamentary right to, in effect, write new legislation in its appropriation bill. I protested this action on the floor but to no avail.

The REA is nothing but a banking institution. The cooperatives are its customers. I don't want my banker to turn my financial statement over to my competitor, and I don't believe any honest banker would do so. I don't believe that it is proper or moral for the REA Administrator to call in the co-op's competitors, tell them what the co-op proposes to do, and ask them if they can't take this information and come up with a more attractive plan—and yet on page 8 of the report of the House Appropriations Committee on June 3, 1963, we find the following wording: "Before public funds are loaned for power, generation, or transmission, a majority of the committee believes the REA Administrator, in connection with any such loan, should make a survey, determine wherein the existing contract for power or the proposed contract is unreasonable, advise the supplier wherein such contract is unreasonable, and get such contract modified to make it reasonable. Loans should be made only when reasonable contracts cannot be obtained." And a little further down they state that such loans "should not be made where local private business can meet the need or where it is determined that the local borrower will provide unnecessary competition."

To me this is a clear requirement that the power companies shall be told what the co-op proposes and shall then be given an opportunity to see if they could not beat the co-op's bid. I think that of course there should be a clearly established need for the service, but the power companies should be required to ignore that need at their own peril.

In other words, it seems to me that the private power company which deliberately refuses to provide adequate service or reasonable rates should not be allowed to continue this policy indefinitely and then when the co-op makes arrangements to finance another source of power to be permitted to come in, make a "death-bed confession" and plead that it is now ready to give that which it would not give until seriously and specifically threatened with a competitive source of power. Obviously, if we are to adopt this policy, and that is exactly what the Appropriations Committee asks us to do, there is going to be no pressure whatever on the private power companies to make any concessions until after the cooperative has gone to the REA seeking a G. & T. loan. This will force every cooperative which needs a power source to apply for a G. & T. loan.

I therefore repeat, private power companies should be required to ignore legitimate needs of the co-ops at their peril. Of course, if a private power company has offered to meet the needs of the co-op, before the co-op takes any steps to get power from another source, I should think that the Administrator should, and must, take that into consideration, and if he found that such an outstanding offer was bona fide and within the power of the company to perform, then he would not approve the loan application.

My quarrel with the Appropriations Committee is not that they want to limit loans to those instances where a reasonable supply of power at reasonable prices cannot be obtained from private sources, but it is in regard to the time at which they want to allow the company to make such an offer, having refused to provide needed power at proper prices. I do not believe that the power companies should be privileged to purge themselves of their default by coming in after a cooperative has made other arrangements.

Again, I would point out that I do not contend that any power company, in the absence of a special contract, is under obligation to supply wholesale power to a cooperative, but if it wants this cooperative business it should not be allowed to force the cooperative to expose its needs and its possible opportunities of supplying those needs. The company should be required, if it wants the business, to make an attractive offer before, not after, the cooperative applies for a G. & T. loan.

Of course, the real problem in Congress is to get the Members of Congress to understand the situation. Most of the Members of Congress are from large cities and the percentage from large cities is rapidly increasing. These Members naturally feel that they have no interest in REA. It is the responsibility of associations such as yours to educate these Members. Most of them are fair if they can but understand the facts. We should not, however, expect them to have a very clear understanding when so many Representatives from strictly rural areas do not bother to learn the facts except from power company lobbyists.

Of course, I know that you cannot match the power companies in the funds they expend in lobbying but you can see your Congressman. Each local cooperative can make it a definite project to present your problems to your own Congressman. I know that there is a natural disposition to ask: "How can I influence the Congressman in somebody else's district?" I would suggest that except for the big city Congressmen that you not try to influence the Congressman in somebody else's district. Every one of you should be in a position to talk to your own Congressman, but there is mighty little reason why ROY TAYLOR should be concerned with what the people of Chatham County want, or why HERBERT BONNER should be especially interested in the views of the folks of Cherokee County.

When it comes to the big cities, I realize that we must depend more upon a general basic understanding of the people. Probably it is here that organizations like National Rural Electric Cooperative Association can do its best work, and it is here that you are going to find attitudes vitally influenced by party affiliation, but it is also here in the big cities that you are going to obtain or lose the majority in Congress which REA must have if it is to continue to serve our rural people as it has served them in the past.

HOUSE OF REPRESENTATIVES

THURSDAY, AUGUST 22, 1963

The House met at 12 o'clock noon.

The Chaplain, Rev. Bernard Braskamp, D.D., offered the following prayer:

Psalm 19: 14: *Let the words of my mouth and the meditations of my heart be acceptable in Thy sight, O Lord, my strength and my redeemer.*

Eternal God, our Father, in whose divine wisdom, righteousness, and love, we trust, we earnestly beseech Thee that Thou wilt direct us in our halting and hesitant search for the right solution to our many difficult national and international problems.

We pray that our statesmen and diplomats, who are assembling for counsel and conference, may be blessed with Thy favor and a special manifestation of Thy guiding spirit.

Grant that in these days of darkness and danger we may not become disheartened and discouraged, but show us how we may lay hold of the great spiritual resources with increasing tenacity of faith.

May our trust in Thee be a blessed experience and may we make a definite and distinct contribution to the glorious adventure of establishing peace on earth and good will among men.

Hear us in Christ's name. Amen.

THE JOURNAL

The Journal of the proceedings of yesterday was read and approved.

APPOINTMENT OF MEMBERS OF NORTH ATLANTIC TREATY PARLIAMENTARY CONFERENCE

The SPEAKER. Pursuant to the provisions of section 1, Public Law 689, 84th Congress, the Chair appoints as Members to the U.S. group of the North Atlantic Treaty Parliamentary Conference the following Members on the part of the House: The gentleman from Ohio [Mr. HAYS], Chairman; the gentleman from Texas [Mr. THORNBERRY]; the gentleman from New Jersey [Mr. RODINO]; the gentleman from Indiana [Mr. DENTON]; the gentleman from South Carolina [Mr. RIVERS]; the gentleman from Illinois [Mr. ARENDS]; the gentleman from Washington [Mr. WESTLAND]; the gentleman from New York [Mr. LINDSAY]; and the gentleman from Michigan [Mr. CHAMBERLAIN].

PERMISSION TO CONSIDER A CONTINUING RESOLUTION

Mr. CANNON. Mr. Speaker, I ask unanimous consent that it be in order anytime during the coming week to take up and to consider a House joint resolu-